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The Monetary Disequilibrium Hypothesis

By CLARK WARBURTON*

ALBERT EINSTEIN has recently called attention to the yearning of the human mind for simplicity in scientific thought and reminded us of the importance of Mach's principle of economy, interpreted as a logical principle.[1] Economists and other social scientists, as well as physicists, would do well to keep Mach's principle in mind when formulating hypotheses. However, in the study of business fluctuations, which is the segment of economics to which most current developments pertain, we have moved in recent years away from rather than toward generalizations which are at the same time simple and comprehensive.

Many years ago Wesley Clair Mitchell called attention with cogency to the fact that the type of business fluctuations which we have come to call "business cycles" is a characteristic of a money economy.[2] More recently his successor as director of research at the National Bureau of Economic Research has reminded us that such disturbances show an almost uniform co-extensiveness with geographical areas covered by a common monetary system or a closely knit group of monetary systems.[3] What-

* Economist, Federal Deposit Insurance Corporation. The views expressed are personal only.

[1] Albert Einstein, "On the Generalized Theory of Gravitation," *Scientific American*, Vol. 182, no. 4, April 1950, p. 13.

[2] Wesley C. Mitchell, "Business Cycles: The Problem and Its Setting" (National Bureau of Economic Reseach, 1927), pp. 61–82. Money, as used in this connection and throughout the present article, includes all instruments commonly accepted and used as means of payments or as cash balances held for later use, *i.e.*, it includes bank deposits as well as currency issued by the government.

[3] Arthur F. Burns, discussion of current research in business cycles, *American Economic Review*, XXXIX, May 1949, p. 82.

ever the basic nature of business cycles, their cause must be a force of great penetrating influence which has an impact everywhere throughout a region within the limits of an associated group of monetary systems. What can there be that is so intimately related to all economic decisions by individuals and enterprises within such a broad area as money itself? Why do we not make a forthright application of the principle of economy in scientific thought and formulate the hypothesis: business fluctuations are results of disturbance in the monetary system?

This hypothesis is not new: it is the dominant strain in business-fluctuation theory developed during the past two centuries. Yet it is hardly discernable in the vast research with respect to business cycles which has been carried on in recent years. In fact, a reverse proposition is implied in the theoretical frameworks embodied in much of the current work on business fluctuations. In the reworking of traditional economic concepts as a basis for the analysis of current data contemporary economists have reviewed one important phase of theory developed during the nineteenth century, namely, the theory of economic equilibrium, and have recast this body of thought in a succinct mold; but they have neglected to do the same with the correlative theory of disequilibrium.[4] It is my own firm conviction that contemporary economic theory will remain in a state of confusion, bogged down in a morass of inverted concepts of causality and sequence, until a clear effort is made by those engaged in business cycle research to examine the validity of the hypothesis that business fluctuations are results of disturbance in the monetary system.

Disequilibrium and the Quantity of Money

THE SOLUTION OF THE SET of simultaneous equations in which the classical theory of equilibrium may be stated, as contemporary economists have pointed out, requires full employment. Under the assumptions of that theory a lapse from full employment, or business depression, is regarded as a disequilibrium situation which is assumed to be temporary, and which may be eliminated either by an increase in the amount of money, or by a cut in prices and wages.[5] The classical economists assumed that the force of competition will produce the latter result and thereby re-

[4] For example, see the article by Lawrence Klein, "Theories of Effective Demand and Employment," *Journal of Political Economy*, LV (April 1947), pp. 108–31; and his book, "The Keynesian Revolution" (New York: Macmillan, 1947), technical appendix, pp. 199–213.

[5] Mr. Klein, who has contrasted the assumptions of the classical theory of equilibrium with those of Keynesian theory, says, "prices or wages" (*Journal of Political Economy, op. cit.*, p. 109); but I believe "prices and wages" is a better interpretation of classical theory.

store the economy to an equilibrium position. The reasoning that the economy will move, as a result of a specified type of change, from a disequilibrium to an equilibrium situation suggests that the same kind of change operating in the reverse direction might move the economy from equilibrium to disequilibrium. However, the assumption that competitive forces will produce equilibrium by adjusting the level of prices and wages makes it impossible to assume that force to be a cause of disequilibrium. That leaves us with the suggestion that a potent cause of disequilibrium may be a change in the quantity of money.

This hint regarding the origin of disequilibrium was a real corollary of the classical theory of equilibrium, as is indicated by the specific simplifying assumptions or abstractions from reality which were made by the classical economists. Ricardo, for example, asserted that changes in the quantity of circulating medium affect only prices and not profits, an assertion which was recognized by his classical successors as true only in the long run, that is, for the new equilibrium position.[6] Alfred Marshall underpinned the entire body of theory presented in his *Principles*, except when he made a specific exception, with an assumption of a unit of money constant in purchasing power, and described the disastrous effects of a unit of money fluctuating in value.[7]

The historical fact is that the classical theory of equilibrium was accompanied in its development by a concomitant theory of disequilibrium, applying to the circumstances under which the monetary condition for the maintenance of equilibrium is not met in the real world. This theory of monetary disequilibrium was stated by David Hume two centuries ago and was developed in much detail by Ricardo's contemporaries, Attwood, Bollman, Joplin, and Thornton. It was recognized by Marshall in writings other than his *Principles*, and implicitly accepted in that great work. It was developed more thoroughly by Marshall's contemporaries in the United States. It was so widely understood that it is proper to say that it was not only a logical corollary of the classical theory of equilibrium but also as integral a part of the body of economic thought developed in the nineteenth century and the first quarter of the twentieth.

[6] David Ricardo, "Principles of Political Economy" (1817), pp. 29–32 in *The Works of David Ricardo* (London: John Murray, 1888); and Alfred Marshall, "Ricardo's Theory of Value," Appendix I, "Principles of Economics," eighth edition (London: MacMillan and Co., 1920), pp. 813–21.

[7] Alfred Marshall, "Principles of Economics," eighth edition, pp. 62 and 593; and "Remedies for Fluctuations of General Prices," *The Contemporary Review*, LI (March 1887), pp. 355–75.

Some Assumptions in the Classical Theory

THERE ARE SEVERAL important assumptions with respect to the nature of the real world underlying the theory of monetary disequilibrium which were by-passed in the classical theory of equilibrium.

First, a change in the level of prices is a process which takes a period of time, and affects prices of various items sequentially rather than simultaneously.

Second, some prices are greatly influenced by custom or contract and move less readily than other prices; specifically, wages and contractual elements in business costs tend to be sluggish relative to prices of output.

Third, these differential movements of prices and also prospective further changes in prices have significant effects upon business profits and prospects and hence upon business plans, especially with respect to investment decisions and to holdings of cash relative to receipts and expenditures.

Fourth, the economy is not static; more specifically, we live in a world where population is growing, technological developments are increasing production per worker, and other developments tend to increase the volume of transactions (in quantity terms) relative to the output of final products.

Fifth, as a result of the foregoing and of the stability of customs (such as the periodicity of income payments) which affect the rate of circulation of money, the economy needs for equilibrium a continuous increase in the quantity of money.

Sixth, it is theoretically possible for monetary disequilibrium to persist for months or years, and observations indicate that many such situations have occurred.

Seventh, the actual quantity of money reflects primarily the behavior of banks or of a government treasury issuing circulating medium; and the nature of banks is such that they have a tendency to carry forward the expansion of money to the limit permitted by interbank relationships and the laws under which they operate.

Eighth, in the United States, subsequent to establishment of the national banking system, the chief restraint on the banks, limiting their expansion and occasionally necessitating contraction, is the amount of their legal reserves.

Ninth, the impact of monetary disequilibrium is intensified by sequential changes in the rate of circulation of money.

Tenth, changes in the quantity of money which are not consonant with

the rate of expansion needed for equilibrium also change the amount of funds available in the money loan market; thus they constitute the force which produces a departure of the market rate of interest from the equilibrium rate, and consequently disturbs property values and mutual adjustment of savings and investment decisions.

Eleventh, if the force impinging on the quantity of money, such as the state of bank reserves, can be observed ahead of change in the quantity of money, or is itself of such character as to have a direct effect on the securities market, the disturbance to property values and to investment decisions may begin ahead of the monetary disequilibrium as observed in statistical data.[8]

Contemporary Neglect of the Traditional Theory

THE NEGLECT of the traditional theory of monetary disequilibrium by contemporary economists is reflected in the choice of variables and equations utilized in business cycle research projects. Nowhere in the publications resulting from these projects, so far as I have been able to ascertain, are there suitable measures of the quantity of money or stock of cash, nor of other variables such as monetary velocity and the volume of bank reserves, which figure importantly in the theory of disequilibrium as applied to present day conditions.[9] Nor is consideration given in these publica-

[8] These various assumptions pervaded so much economic literature of the nineteenth century and early part of the twentieth that supporting documentary references seem superfluous. However, in view of the obvious lack of acquaintance with that literature on the part of contemporary economists some illustrative references may be desirable. Points 1–3: Henry Thornton, "Paper Credit of Great Britain," 1802 (reprinted, London: George Allen and Unwin Ltd., 1939); [Erick Bollman], Letter to Alexander Baring, Esquire, on the present state of the currency in Great Britain, *American Review of History and Politics*, II (1811); Thomas Attwood, "Prosperity Restored" (1817); Joseph French Johnson, "Money and Currency" (Boston: Ginn & Co., 1905), pp. 124–34. Points 4–6: *Report of the United States Monetary Commission* (Senate Report No. 703, 44th Congress, 2nd session, 1877), pp. 49–66; George M. Weston, "Money" (New York: Homans, 1882); S. Dana Horton, "Silver and Gold and Their Relation to the Problem of Resumption," 3rd edition (Cincinnati: Robert Clarke & Co., 1895), and address, May 19, 1881, *Proceedings of the International Monetary Conference*, Paris, France (Cincinnati: Robert Clarke & Co., 1881). Points 7–8: see writers referred to by Harry E. Miller, "Banking Theory in the United States Before 1860" (Cambridge: Harvard University Press, 1927), and Lloyd W. Mints, "A History of Banking Theory in Great Britain and the United States" (University of Chicago Press, 1945). Point 9: Thomas Attwood, "Letter to Nicholas Vansittart" (1817); *Report of the United States Monetary Commission, op. cit.*; and Herbert J. Davenport, "Economics of Enterprise" (New York: The Macmillan Company, 1913), pp. 300–4. Points 9–10, Davenport, *op cit.*, chs. XVII and XVIII; Joseph French Johnson, *op. cit.*, pp. 127–30; and the well-known practice prior to establishment of the Federal Reserve System of using the reserve ratio of all national banks or of those in central reserve cities as a leading factor in stock market and business forecasting.

For quotations on these points from some of these authors, see my "Monetary Theory and the Price Level Trend in the Future," in five monographs on Business Income (New York: Study Group on Business Income, American Institute of Accountants, 1950) pp. 161–93.

tions to the rate of growth of the money supply and therefore of bank reserves which is needed for maintenance of equilibrium, nor to measurement of the relationships of stocks of these variables to the equilibrium values; nor to the observed lapses of time between disturbances in reserves, in the quantity of money, and in the velocity of money.[10] In addition, insufficient attention has been given to the inadequacies of the specific statistical data which have been utilized. In the case of the money supply, for example, the year-end figures on which all investigations rely heavily are affected far too much by temporary influences to provide a series reflecting the real movements with sufficient accuracy.[11] That is to say, contemporary business-cycle analysts have avoided even a look at the facts most pertinent to the reasoning underneath the belief that monetary policy is of primary importance in both the maintenance and disruption of full employment.[12]

When a broad scientific generalization such as Darwin's principle of natural selection or Einstein's theory of relativity is announced and its significance is grasped by other scientists, it is followed by several widespread developments in scientific work in the field to which it pertains.[13]

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[9] Such measures are not to be found in the publications of the National Bureau of Economic Research, nor in those of the Cowles Commission for Economic Research; and there is no hint of such measures in the first report on the University of California business cycle project (Robert A. Gordon, "Business Cycles in the Interwar Period: the 'Quantitative-Historical' Approach," *American Economic Review*, XXXIX, May 1949, pp. 47–63). For the absence of such measures in books on business cycles and in periodical literature of the decade subsequent to 1936 see my article, "The Misplaced Emphasis on Business-Fluctuation Theory," *Journal of Business of the University of Chicago*, October 1946, to be reprinted in Lutz and Mints, *Readings in Monetary Theory*, (Philadelphia: The Blakiston Company, forthcoming volume).

[10] Some business cycle investigators (*e.g.*, Lawrence Klein, in his recent book, "Economic Fluctuations in the United States, 1921–1941," New York: John Wiley & Sons, 1950), have confined their analysis to annual data. It has long been recognized that, to be significant for study of the sequences and causal relationships involved in business fluctuations, data for such variables as reserves and the money supply must be for shorter periods of time than a year.

[11] *E.g.*, it appears practically certain that the amount of adjusted deposits, as included in the usual computation of the money supply, was 4 or 5 per cent larger on the last day of December 1928 than it was during most of the latter half of the year or during most of the subsequent half-year period.

[12] The significance of this avoidance of attention to the theory of the effects of monetary policy might be summarized by an analogical question. How much attention would we give to an investigator who set up a lot of equations inter-relating the volume of water at specific dates in our large rivers, the amount of water passing through the lower parts of the rivers, the depth and configuration of the river beds, the contours of the surrounding land, and the rainfall of the area—all of which are pertinent to the problem of floods—and then determined his parameters with annual data and concluded that he found no evidence that variation in rainfall in the upper river basins has a causal influence on floods in the lowlands?

[13] Sometimes, of course, such a generalization may lie dormant and occasion little comment for many years.

These include: (1) search of current factual data and of historical records for examples of its application; (2) experimentation to test some corollary of the generalization or some conclusions drawn from it relating to phenomena not previously observed; (3) predictions of future events, or conditional predictions contingent upon the occurrence of specified conditions, and observations to see whether such predictions are fulfilled; (4) arrangement in a related and orderly fashion of many facets of theory previously more or less isolated from each other; (5) proliferation of many additional theoretical details; (6) discard of many earlier theoretical frameworks; and (7) retention and reinterpretation of many principles enunciated by formulators of discarded theories; thereby fitting such principles into the general framework of the unifying generalization.

Inasmuch as the generalization that disturbances in the monetary system result in disturbances to business and employment was enunciated in the middle of the eighteenth century, illustrations of these developments may be found in tracing the history of the theory of monetary disequilibrium in the nineteenth century and the first quarter of the twentieth. However, such developments have been relatively few during the second quarter of the twentietn century. This situation, I venture to predict, will soon be reversed: such developments will, I believe, represent a major part of the refinements and progress in economic theory during the third quarter of the twentieth century.

Statistical Corroboration of Elements of the Hypothesis

DEVELOPMENT OF STATISTICAL SERIES pertinent to the theory of monetary disequilibrium and their analysis in the light of that theory show that the ups and downs of business during the period between the two world wars uniformly conformed with the hypothesis that business fluctuations are the result of disturbances in the monetary system and that the originating forces impinged on bank reserves.[14] Economic developments since the close of World War II fall into line with the same relationships. Similar conclusions for the century preceding 1918 are suggested by a preliminary examination of data for the reserves for national banks prior to 1917, a cursory resumé of developments in banking in the United States prior to establishment of the national banking system, and a comparison of the periods when disturbances in the banking system were apparent with business cycle annals and turning points as described by the National Bureau of Economic Research. One of the most promising

[14] See my articles: "Banks and Business Fluctuations," *Estadistica*, March 1950, pp. 59–68; and "Theory of Turning Points in Business Fluctuations," *Quarterly Journal of Economics* (forthcoming issue).

fields of economic research which should be cultivated intensively during the next decade is a careful historical study of the relation of banking disturbances to business fluctuations during the century prior to World War I.

For most individual economists, as for astronomers, manipulative experiments to test their hypotheses are not possible. However, there is one group of persons who can make experiments to test the practical validity of the hypothesis with which we are dealing. It would be well within the realm of powers and duties of the Federal Reserve authorities to manage the asset-acquisition and relinquishment policies of the Federal Reserve banks in such a way as to cause the effective volume of member bank reserves to grow at a rate permitting a steady growth in the money supply at a reasonable rate. Federal Reserve authorities claim that their policies must be a matter of judgment rather than rules: it would be exceedingly fruitful if they would use that judgment to make such an experiment.[15] Surely this would be more reasonable than some of the experiments in policy which have been made in the past.

The utmost which individual economists can do by way of testing most of their theories by experimentation is to make appropriate preparations for observation of the course of events in the future. Such preparations may, of course, as in the case of astronomical measurements, involve construction of special apparatus or maintenance of records in an appropriate form. Closely allied to such observational experiments is the making of conditional forecasts. In the case of the hypothesis under consideration an economist can make conditional predictions as to the course of events with respect to business fluctuations, contingent on the occurrence of specific conditions in the banking and monetary system. Thus, we may predict for the next few years: (a) if we have an increase in the effective amount of bank reserves of the order of magnitude of 10 per cent or more a year we will have a substantial price inflation and a business boom with much speculation; (b) if we have a contraction of effective bank reserves of the order of magnitude of 5 per cent or more a year we will

[15] For a recent expression of the rôle of judgment in the determination of policy by Federal Reserve authorities see the testimony of Mr. McCabe in the hearings of the subcommittee on monetary, credit, and fiscal policies of the Joint Committee on the Economic Report, 1949, *Monetary, Credit and Fiscal Policies*, pp. 488–93. For an earlier expression see the testimony of Adolph C. Miller in hearings before the Committee on Banking and Currency of the House of Representatives, 70th Congress, 1st session, *Stabilization*, 1928, pp. 107–8.

For a discussion of problems of Federal Reserve policy, see my "Coordination of Monetary, Bank Supervisory, and Loan Agencies of the Federal Government," *Journal of Finance*, June 1950, pp. 148–69.

have depression; (c) if we have a constant volume of effective bank reserves we will continue to have falling prices and a substantial amount of unemployment but will probably avoid a cataclysmic depression; and (d) if the volume of member bank reserves grows steadily at a rate close to but not exceeding 5 per cent per year we will have a period of prosperity with very little unemployment, a relatively stable level of prices of final products, and a continuous advance in national income in both money and real terms.[16]

Possible Aids to the Advance of Economic Theory

IN THE REALM OF DEVELOPMENTS in economic theory we should see within the next quarter of a century a thorough-going analysis and integration of three sets of observations by economists and students of business affairs, namely: (a) observations throughout the nineteenth century regarding the relation of variation in money and the circulating medium to prices and business fluctuations; (b) observations in the latter part of the nineteenth century and the early decades of the twentieth regarding the relation of call loans, other money market phenomena, and stock market speculation to fluctuations in bank reserves on the one hand and to business conditions on the other; and (c) the vast array of statistical economic series collected by the staff of the National Bureau of Economic Research.

The hypothesis that business fluctuations are the result of disturbances in the monetary system gives more promise than any other available hypothesis of providing a principle under which various aspects of business cycles, to which attention has been called in the last annual report of the National Bureau of Economic Research, can be put into orderly fashion and related to each other. These facets include: (1) the dispersion of specific cycles; (2) the tendency of specific cycles toward concensus; (3) "an inner cycle in the distribution of expanding and contracting activities within the external cycle of aggregate activity"; (4) the cyclical behavior of profits; (5) the rôle of inventories; (6) the difference between mild and severe depressions; and (7) the occasional occurrence of abortive revivals.[17]

[16] The average rate of increase in effective bank reserves during the major upswings of the period, 1918–1949, computed on the basis of month-end data, was from 10 to 32 per cent per year; the average rate of change during the major downswings of the same period ranged from 1 per cent increase (or 4 per cent decrease relative to the estimated normal rate of growth) to 62 per cent per year decrease. Computations on the basis of average quarterly data are as follows: upswings, 7 to 39 per cent; downswings, 2 per cent increase to 28 per cent decrease. The extreme rates of decrease occurred during the early months of 1933; the extreme rates of increase during the period from 1933 to the increase in percentage reserve requirements in 1936.

This hypothesis also affords by far the most reasonable explanation of the typical sequences within the business cycle described in the same report: (a) the start of recessions while activity is still expanding and of recoveries while the aggregate is still contracting; (b) gradual spread of recession or recovery over the economic system which reverses the tide of economic activity; (c) the respective timing of three groups of activities —investment decisions, physical volume of production, and disbursement of incomes; (d) the behavior of commercial banks and the leadership of interest rates and bond market phenomena; and (e) the character of statistical indicators of revival and recession.[18]

Less can be said about the character of additional theoretical details, related to this basic hypothesis, which are likely to be developed during the next quarter of a century. However, I would suggest one field in which a significant advance in theory may be expected, namely, the theory of variation in property values relative to variation in value of output, and the significance of that relationship for business fluctuations and for maintenance of economic growth and stability. A correlative development will be a clarification of the dual concept of liquidity-preference which pervaded Keynes' *General Theory*, and of the current controversy and confusion regarding the "interest-elasticity" of the demand for cash balances.[19]

Some Probable Changes in Economic Thinking

As to the discard of earlier theoretical frameworks we can, I think, forecast the elimination from economic thinking, with respect to the origin of lapses from full employment and the conditions of recovery, of the current emphasis on governmental deficits and surpluses, the numerous structures described as "models," and a large part of Keynesian economics. These types of theory will be discarded because it will be found on close observation that the presence or absence of the factors emphasized by them is not closely integrated with the presence or absence of business depression or price inflation, or with the beginnings of upswings and downswings. Nevertheless, there will undoubtedly be a retention from these various theories of many principles which will be found to fit into the framework

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[17] Arthur F. Burns, *New Facts on Business Cycles*, Thirtieth Annual Report, National Bureau of Economic Research, 1950, Part One.

[18] *Ibid.*, pp. 16–22 and 26–9.

[19] See my article, "Monetary Velocity and Monetary Policy," *Review of Economics and Statistics*, XXX (November 1948), pp. 304–14, and my reply to Mr. Tobin's comments in the same *Review* XXXII (August 1950), pp. 256–7.

of the unifying hypothesis that business fluctuations of the order of magnitude now called "business cycles" are the result of disturbances in the banking system.

In conclusion, a brief comment may be made regarding the apparent effect of shocks to the economy other than those originating in the monetary system. Such shocks must be very severe to produce effects of sufficient magnitude to enter into the record of "business cycles." Perhaps the greatest of such shocks which have impinged upon the economy in recent decades have been transitions from peace to war and from war to peacetime activities. Whenever these transitions have been made without an accompanying monetary disturbance, their effects have escaped observation in business cycles, or have been registered only as extremely moderate fluctuations. In fact, in the business cycle measurements of the National Bureau of Economic Research there is only one case of a peak or trough which appears to have been associated with a shock to the economy of such a sort without a preceding or accompanying monetary disturbance. This is the slight depression in the winter of 1918–19 following the armistice at the end of World War I, when there was a sudden large-scale cancellation of war contracts and a lag of a few months in the reconversion of the economic mechanism to ordinary purposes.

McLean, Va.

Public and Private Collaboration in Business

A LARGE AND YET EXPANDING industry, the mass production of penicillin, is still based on the wartime investigations of the United States Department of Agriculture's Northern Regional Research Laboratory at Peoria. It grew from nothing, a few years ago, to an average of about 11 trillion units per month in 1949. This tremendous growth was accompanied by a decline in wholesale price from $20 to less than 10 cents for 100,000 units —commonly one shot, that is. Annual production amounts to somewhere between 75 and 90 tons of the drug. Twelve major companies contribute to this huge output. The effectiveness and availability of this antibiotic paved the way for the introduction of many more useful drugs of the same kind.

T. SWANN HARDING

USDA, Washington

The Real Menace to Capitalism

WHAT RUINED FEUDALISM, Taine demonstrated, was its failure to maintain its social function. Originally the feudal lord was the military protector of the people on whose work he lived, their arbitrator and judge. He recognized that the old and infirm and the orphaned children merited his concern and succour. But with the advance of the absolute monarchy the feudal lord developed by imperceptible degrees to the position of landlord, often absentee landlord. His dependents became tenants, paying such rents as the landlord's stewards could extract and carrying their own disabilities and sorrows as best they could. The way was being paved for the French Revolution and the series of reforms and revolutions culminating in the Russian Revolution, still making progress in the world, sapping away at Italy and China and infiltrating the Arab world of Effendis and puppet Kings.

Capitalism, at the outset, did not even pretend to a social function. As a good capitalist, you grabbed. You won honor, like Little Jack Horner, if you put in your thumb successfully and pulled out a really luscious plum.

Or perhaps your profits came from a tropical rubber forest, with one recalcitrant worker's hand chopped off for every X tons of produce. What was that to you? Your protection was the Sacredness of Private Prosperity. Your social function? To put in your thumb.

That, we have come to know, is not an adequate protection. In the last generation we have seen more property confiscated than existed in the world two generations ago. Capitalism recognizes the desperate need of an adequate function. It has found it in Management. We hear less and less of the relations of labor and capital. What we hear of nowadays are the relations of labor and management. For management is the indispensable condition of labor productivity, and all the good things that flow from it.

So far, good. But there is still the vested interest conception, that has kept us from the benefits of the St. Lawrence Seaway, with its huge head of cheap power. There are still the vested interests that compel us to give our billions of production to Europe gratis, when a drastic cut in the tariff would bring us goods for goods, to cut the cost of living.

Capitalism is still bowed down under antique luggage that makes a mockery of its vital social function. That, not red propaganda, is the real menace looming against its future.

ALVIN JOHNSON

New School for Social Research,

Why We Have the Two-Party System

By HAROLD HOTELLING

I

THE TWO-PARTY SYSTEM praised by conservatives, but whose evils were eloquently portrayed by H. P. Williamson in the July issue of this JOURNAL, exists in stable form in America primarily for one simple reason. This is the feature of our electoral mechanics that permits election by a mere plurality without requiring a majority. No matter how much the voter prefers the candidate and platform of a small third party to those of both the major parties, he can usually find some ground for preferring one of the major parties or its candidate to the other. Since he is virtually certain that the candidate of his first choice will not be elected, the dissident voter usually votes for that one of the two major-party candidates whom he prefers to the other. The fact that everybody does this confirms the certainty that only a major-party candidate can be elected, and perpetuates this type of political behavior through the conviction that voting for a minor-party or independent candidate means throwing away one's vote.

Where, as in France, a majority is required to elect, parties multiply. If in the first election no one receives a majority, French law requires a second election. A similar situation exists in many states in this country with regard to the party primaries: if no candidate receives a majority a second primary is held, with the names on the ballot limited to the two who received the highest numbers of votes in the first primary. This system prevents the crystallization of just two stable parties or factions and maintains a fluid situation in which the voter is more likely to cast his ballot according to principle than on the basis of heredity and political organization.

A related phenomenon is the essentially one-party system existing locally over large parts of the United States. The Democratic party in most southern states and the Republican party in some other regions have virtual monopolies of the chance of winning elections. The real struggle is in the primary of the dominant party, and on it, rather than on the final election, all attention is focussed.

No ambitious and realistic candidate for an important public office in a southeastern state would be foolish enough to seek Republican nomination. The voters know well that the dummy Republican tickets put up

in these states are meaningless and that no one expects the candidates on them to have any special qualifications for the offices which they ostensibly seek. This consideration by itself, and apart from any remaining loyalty to the old Confederacy, would be enough to insure an overwhelmingly Democratic vote in the final election. In the same way, the voters in states where the Republican party has for a long period maintained its dominance have a motive for putting themselves down as Republicans in order to vote in the only primaries having any significance. When a public-spirited New Hampshire Republican follows the textile mill that employs him to the South, he is likely to become an equally public-spirited Democrat. If he does not register as a Democrat he cannot vote in the one important election, the Democratic party primary, and is in effect disfranchised.

It is for this reason, and not because of any fundamental principles distinguishing the two parties from each other, that we have so great a localization of party following. The local dominance of a single party continues in this way, and helps to solidify the national division into just two parties, with third parties having no chance of election and therefore attracting no votes.

II

IF WE ARE TO HAVE more than two parties with genuine hopes of winning elections there must be a constitutional change that will encourage a voter to vote for the candidate he thinks best without regard to the probability of this candidate being elected. The voter must be allowed his free choice, with provision for exercising a second choice if the candidate of his first choice does not receive a majority.

There are two mechanisms for accomplishing this: the second election, and the transferable ballot. Provision for a second election, as in France, and in the party primaries of some of our states, when no candidate receives a majority in the first voting, has the advantage of allowing further time for consideration. It however increases severely the cost of the election, both for the state and for the candidates whose names go onto the final ballot, and tends to enhance the advantage of the candidate with the most money to spend on a double campaign.

This difficulty was illustrated in the recent North Carolina Democratic primaries for the United States Senate. Frank Graham, enlightened and popular incumbent senator and former president of the state university, missed the nomination on the first ballot by a narrow margin though having

a large lead over his next opponent in a field of four. With campaign funds drawn from many small contributions virtually exhausted, Graham entered the second primary campaign against a wealthy conservative whose backing was powerful and unprincipled in its exploitation of race questions. Graham lost the nomination, although in the beginning many political observers had felt that his success was beyond question, and his successful opponent polled a much smaller vote than he had in the first primary.

The alternative to the second election (or primary) is the single election with transferable ballot. By this system, which with variations has been used in municipal elections in Spokane and elsewhere, the voter is free to indicate one or more candidate in order of preference. If no candidate receives a majority of first choices, then the candidate with fewest first choices is eliminated and the ballots indicating his first are transferred to the candidates indicated on these ballots as second choice. The elimination of the lowest candidate with transfer of his ballots is continued until one has a majority. This system, while requiring additional labor in counting and checking ballots, is more economical than the second election and avoids the burdens upon candidates of a second campaign. It deserves to be adapted to state and national elections.

Chapel Hill, N. C.

Is Soil Output Limited?

WE ARE INDEBTED to a statistician with a sharp pencil for these facts derived from a recent Foreign Agriculture Circular issued by the Office of Foreign Agricultural Relations: The aid of U. S. farmers in easing the world's grain shortage of 1945–46 through 1948–49 constitutes a record never equaled by any country. In that 4-year period world exports of grain and grain products in terms of grain totaled 129.0 million long tons of which 59.2 millions—or 46 percent—came from the U. S. alone. Before the war this country usually supplied only about 7 percent of the world's total grain exports. At peak, in the 1948–49 season, our exports amounted to 17,616,000 long tons of grain and grain products, not only our largest seasonal export *but the largest quantity of grain ever exported by any one country in a single year,* and the equivalent of 391,500 standard American carloads of 45 tons each which, coupled together, would make a train 3,000 miles long reaching from New York, N. Y., to Seattle, Wash.

T. SWANN HARDING

USDA, Washington

Scientific Research in Communist China

THE RUSSIAN INSISTENCE that scientific research have immediate practical application so that it can aid in economic construction, an insistence that seems to misunderstand the rôle of pure research in scientific development, is reflected in the report on the work of the Chinese Academy of Sciences, the Academia Sinica, made by J. S. Lee at the first National Congress of Scientific Workers in Peiping.

The academy has thirteen research institutes covering history, archaeology, physics, chemistry, an observatory, a technological laboratory, and preparatory offices for institutes in the fields of psychology, geography and paleontology. Two additional institutes are planned in the fields of geology and paleontology. These latter will work partly under the direction of a department of the committee on financial and economic affairs "in order that our study can meet practical demands," Mr. Lee's report said.

A tour of northeastern industrial and mining centers "has helped us to learn how to link theory with practice," Mr. Lee said. These centers, it is interesting to note, operate under Soviet technicians. As an example of further linking of theory to practice, he cited the case of the institute of geophysics. This, he said, works in close co-operation with the meteorological bureau.

The academy set up several periodicals for publishing papers and reporting news of scientific activities and achievements in China and abroad. It is promoting the translation of reference books and textbooks. It has several projects going, one of which, engaging a reported 118 specialists, is at work unifying scientific terms.

All this adds up to a certain amount of activity, which may have certain beneficial results for China. But there is in the report an indication that State control, and above that, party control, is dominant over scientific work. This indication is reinforced by the emphasis given the so-called practical; any regime concerned with practical political problems is interested, above all, in mobilizing the resources of science to help solve them, regardless of the consequences to long-run scientific development. This puts a kind of straitjacket on scientific work that is absent when scientists are freer to pursue their interests, rather than the immediate and transitory interests of the regime.

W. L.

Geopolitics of the U.S.S.R.

By JOSEPH S. ROUCEK

I. The Rise to Pre-eminence

ALTHOUGH RUSSIA HAD PLAYED a considerable rôle in world affairs before World War II, her rise to a pre-eminent position as the second strongest power in the world, at the end of that world conflict, is one of the far-reaching phenomena in the history of mankind. She is by far the largest contiguous land mass under one government; within her borders are the means of sustaining a great industrial civilization.

This land mass, occupying one-sixth of the earth's surface, occupied by 1949, nearly all of the "Transversal Eurasian Axis," the world's "Heartland," the territory extending (as Sir Halford Mackinder conceived it) from the Volga to the Yangtze and from the Himalayas to the Arctic Ocean. The Kaiser's hope to conquer this "Axis" in terms of his "Drang nach Osten" plans led to World War I; the same prospect sounded extremely attractive and enticing to Hitler. The German Kaiser almost got what he wanted; Adolf Hitler nearly also got what he wanted. But little is now said that the U.S.S.R. has not only nearly all of this "Axis" but even more territory than either the Kaiser or Hitler ever dreamed of getting.[1]

The Baedeker of Russia. Even if we do not include the Soviet Union's territorial appendages provided by her satellites in Europe and Asia, this country embraces one-sixth of the surface of the earth. Its land area is greater than the surface of the moon and its forests would more than cover the United States. Its extreme dimension from east to west is six thousand miles—almost twice the distance from Maine to California, with a stretch of twenty-three hundred miles from north to south. European Russia alone is larger than all the rest of Europe. With the exception of the United States, there is no other country under one flag with so great a variety of climate, of soil, and of mineral wealth. It is often stated by enthusiasts, in describing the U.S.S.R., that her potential reources are greater than those of any other country. This is probably true, although this wealth is, for the time being, only in a potential stage. But the fact remains that within her boundaries are the most extensive timber tracts in the world; in European Russia[2] alone they cover a territory ten times the

[1] For a summary of these geopolitical theories, see: Joseph S. Roucek, "Geopolitics, Imperialism, and War," chapter 17, pp. 339–65, (New York: Thomas Y. Crowell, 1945), and the bibliography therein.

[2] The term "Russia" is commonly used in the United States as referring to the U.S.S.R. after World War I and II—although Russia is only one of U.S.S.R.'s federal states.

aggregate area of America's New England states. Russia's coastline is longer than the circumference of the earth at the equator;[3] she has half a million rivers, eighty thousand miles of them navigable, and there are a hundred and eighty thousand lakes. The Yakut Republic, only one section of one of the states making up the U.S.S.R. is as big as all non-Russian Europe. Temperatures of ninety degrees below zero Fahrenheit have been recorded in the U.S.S.R. The Russian port of Igarka, in the Arctic, is built on the banks of the Yenesei River, which rises forty-five feet during the spring thaw.

The Geopolitical Development. The geopolitical core of the U.S.S.R. has been, historically, the Russian State, originating and occupying the great Eurasian plain. This stretches from the Baltic to the Pacific in a great sweep, unbroken except for the Urals (which do not attain great elevation), and the collection of ranges which are proximal to the Pacific. The process of establishing the Russian, and then the U.S.S.R. State, here, has been explained in terms of colonialism.[4]

In the times of the great tribal migrations, the Slavs, who form the largest U.S.S.R.'s "racial" group,[5] originally settled as far as the Eastern Slavs, forefathers of the Russians, are concerned, in the basin of the Pripet River and further eastward, around the rivers Berezina and Desna (the first of which flows into the Dnieper from the northeast above the confluence of the Pripet, while the Desna joins the Dnieper from the east just north of modern Kiev).[6]

This areas was favorable to dynamic centrifugal tendencies. The Desna flows far eastward into Central Russia, where its headwaters lie close to those of the Oka, a tributary of the Volga. Easy portages separate the sources of the Dnieper from those of western Dvina; this river runs into Riga's Gulf, and into that of the Lovat, which connects through Lake Ilmen with the Volkhov; the latter, in turn, flows into Lake Lagoda. This lake, furthermore, is connected with the Finnish gulf by the Neva River.

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[3] Some of these interesting facts have been amusingly described in: "The Baedeker of Russia," *The New Yorker*, Feb. 10, 1945, pp. 17–8.

[4] Klyuchewski, a great Russian historian, stressed the fact that colonialism is the fundamental factor of Russia's history. The thesis has been well developed in Roger Dow, "Prostor, A Geopolitical Study of Russia and the United States," *The Russian Review*, I (November, 1941), pp. 6–19.

[5] See various topics in this field described in Joseph S. Roucek, Ed., *The Slavonic Encyclopedia* (New York: Philosophical Library, 1949).

[6] Samuel Hazzard Cross, "Slavic Civilization Through the Ages" (Cambridge, Massachusetts: Harvard University Press, 1948), page 39.

The headquarters of the Seim, Desna's branch, approach those of the Donetz and the Don, while the Dnieper in turn was an ancient important route southward to the Black Sea. Since, to the west, the Pripet and its branches offered easy access to the Niemen and the Vistula, this area presented no great natural barriers for expansion and the rivers afforded a far-flung network of easy communications in all directions.[7]

The Russian Geopolitical Dynamics from the Ninth to the Fifteenth Centuries.[8] Russia's centrifugal geopolitical drive began with the modest beginnings of Rurik the Norseman in 862 and resulted, by 1917, in a vast empire stretching in a wide band across all Asia and much of Europe from the Baltic Sea to the Pacific Ocean. The dynamics of expansion began with the penetration by the Slavs of the Far East as far as the Sea of Azov in the sixth century and down the valleys of the Dnieper and the Dniester. In the north and the east, these Slavs found little opposition from the Finnish tribes; they branched out into the steppes toward the Black Sea and the Don and northeastward at the expense of Lithuanian and Finnish groups. In the ninth century, there were four centres of Eastern Slavic concentration: one near Lake Ilmen, another on the Oka River (near the city of Ryazan), one at Kiev, and a fourth in Galicia. In 989, at the time of the conversion of the Russians to Christianity, the Principality of Kiev, a Viking State, was already a State of growing area and rising influence; it was also the chief trading post of the lower Dnieper valley, sending merchandise to the Crimea and Byzantium.

The Tartars, however, sacked Kiev in 1240. In fact, the Russian State was formed over centuries in a running battle against the onslaughts of nomadic invaders from the Eurasian heartland; thus Russia became a polical and military outpost of Christian civilization against the "infidels." This long-drawn-out Asiatic domination has left its marks in physical characteristics of the Russians—although these nomads have been destroyed or absorbed.[9]

[7] R. J. Kerner, "The Urge to the Sea," (Berkeley, California: University of California Press, 1944), is a brilliant interpretation of the geopolitical motives of expansion of the Russian State and of the pattern of its realization. See also Kerner's remarks on Russia's geopolitical historians, and particularly his dedication to Sergei Mikhailovich Soloviev.

[8] We have adopted here the classification of Russia's physical expansion's periods, from the ninth century to 1917, from Richard L. Tuthill, "Soviet Russia—An example of Contiguous Land Expansion," chapter 29, pp. 511–28, in George T. Renner, Ed., "Global Geography" (New York: Thomas Y. Crowell, 1944), and Tuthill, "The Soviet Union: A Land-Mass Power," chapter 6, pp. 65–82, in G. Etzel Pearcy & Russell H. Fifield, Eds., "Political Geography" (New York: Thomas Y. Crowell, 1948). See also George A. Lipsky, "The Soviet Union in World Politics," chapter 7, pp. 83–95, in Pearcy & Fifield, and the bibliographies in the Renner and Pearcy-Fifield books).

[9] As pointed out by Eduard Heimann, "The West and the East," *Social Research*, XVI (March, 1949), pp. 45–69, p. 67, footnote 10, we must be careful when applying

In general, the early expansion period extended along a north-south river axis, consisting of the formation of small settlement trading posts (Novgorod on the Volkhav, Polotsk on the Dvina, Murom on the Oka, Suzdal on the Nerl, and Chernigov on the Desna), followed by the period of absorbing the area along the rivers between posts, and finally the conquest of their hinterlands. Hence the inland waterways, fauna, soil and minerals led to the expansion to the Black Sea and northward toward the Arctic Ocean. When the southern river axis was reached, the Caucasus and Caspian regions were the next goals. But there the Kuman tribesmen of the steppe blocked the expansian, and Kiev started to press toward the eastern and northeastern margins; the region between the Oka and Volga Rivers was then populated; the region beyond Suzdal soon became important for its fur trading and silver mining. Meanwhile, Moscow on the Moskva River, with its central location, rapidly replaced Novgorod as the northern centre, and eventually replaced Kiev as Russia's capital.

The Tartar invasion of the thirteenth century ended the political control of Kiev and Novgorod and centered it in Moscow. But the Tartar control was limited, mainly, to the existing cities, and Russia's expansion to the east and northeast continued; the Ural mountains were crossed and the Ob River reached.

Moscow's dynamics of expansion began with the formation of Moscow's Czardom by Ivan IV, in the fifteenth century, whose warriors stormed the walls of Kazan (1552); the conquest of this city sitting astride the Volga near its junction with the turbulent Kama and commanding river-routes and roads to the north, east, and south, allowed the Russians to move on down the Volga to the seizure of the Khanate of Astrkahan with the Volga delta and a stretch of Caspian Sea coast. The final pacification of Novgorod, and the addition of the region between the Volga and the Ural rivers by Czar Michael, rounded off the Czardom.

Modern Expansion (*From the Sixteenth to the Nineteenth Centuries*). Moscow's regime started expanding by using a "hub-and-spoke" plan—using Moscow as the hub and armies moving and conquering the surrounding cities—Novgorod, Pskov, Plotosk, Smolensk, Vladimir, Ivanova, Nizhnii, Novgorod (today: Gorki)—including the surrounding regions. After the consolidation process had been pretty well completed, Moscow

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the term "Asiatic" to Russia, which usually refers to "an abject servility to sanguinary despotism." But it is hard to define "Asiatic" influences on Russia culturally—since, for instance, the term would have to cover India, also, as one of these factors, and India did not enter into Russia's history. Heimann suggests that the term "Asiatic" should be reduced to "Mongolian," designating Russia's neighbor and one-time lord.

inaugurated an expansion program characterized as "the reaching arm system."[10]

It was a technique of conquering a piece of contiguous territory, followed, if the area had any agricultural value, by the colonization process. This process was specifically employed during the sixteenth, seventeenth, and eighteenth centuries in the west, south, southeast, and east; thus the Kazan and Astrakhan were annexed in 1552 and 1556, and the Cossack State of the Ukraine was incorporated in 1654, together with the Donetz Basin, and the upper and lower Don River regions. But the Azov region was acquired only in 1774 due to the Turkish resistance. To the east, atop the Ural Mountains, the city of Sverdlovsk (Ekaterinburg) was built.

An outlet to the sea was, however, still needed. The conquest of Novgorod brought access to the White Sea. But this sea is inaccessible for several months of the year. The Caspian Sea, on the other hand, is landlocked, and the Baltic could not be reached due to the opposition of the Livonian order of German knights which controlled both the Gulf of Riga and the Gulf of Finland. Hence Ivan's successors tried to reach the warm southern waters on the Black Sea; the attempts of the Muscovites to get to the Black Sea by conquering South Russia took three waves and more than a century. The first wave of Czar Alexis (Peter the Great's father) added the Ukraine to the Muscovite frontier—the Ukraine, dubbed "Little Russia" in distinction from Great, or Metropolitain Russia. The next wave, under Empress Anna, brought in a real "New Muscovy" and completed the pacification of the Dnieper Valley to the rapids; Catherine the Great carried on the third wave to the sea, adding the "New Russia" to the Empire. The Zaparozhie (Lands Beyond the Rapids).

The end of these conquering waves brought wonderful fruits—vast and fertile lands with the control of the Dnieper Valley, protection of the mouth of the Don, and a Black Sea coast. At the same time, however, Turkey became Russia's neighbor, sitting astride the Dardanelles, the only direct outlet to the Mediterranean and other seas beyond. At the same time, Catherine the Great moved Russia's frontiers to the West by giving a push to the three partitions of Poland; Alexander I annexed Bessarabia (1812) and the Grand Duchy of Warsaw. Meanwhile, Peter I (The Great, 1689–1725), was able to open a "window on the Baltic" (1721), and emphasized the importance of the region by building St. Petersburg on the marsh at the end of the Gulf of Finland, and transferring Russia's capital there from Moscow.

[10] Richard L. Tuthill, "Soviet Russia—An Example of Contiguous Land Expansion," *op. cit.*, p. 516.

During this "modern expansion" period, another colonization took place. The expansion into Siberia was less of being another reaching arm and more a frontier movement. The Cossacks, rather than the Russians, were the leaders here, by forming frontier trading posts at wide intervals and then claiming all of the territory in between and on all sides. They used the river systems of the Ob, Yenisei, and Lena, with the lateral tributaries in east-west alignment; thus Siberia was crossed in merely sixty-five years (1581–1646). On the whole, the Cossacks were primarily interested in the wealth derived from furs, and the Ural mountains proved to be hardly any barrier to their movement.

A parallel part of this expansion was that of filling out the spaces between those territories already annexed and of dealing with the various peoples in them. While in the West, in Europe and in the Caucasian highlands, the conquerors eventually tried to "Russianize" the alien minorities, in other directions, the trail-breakers—the Cossacks, or Little Russians—were really social rather than ethnic groups, and soon mated with Tartars, Kirghiz, or other Mongoloid peoples. They settled first the Moskovskaya Ukraine, and beyond its horizon gave the new names to their settlements —New Muscovy (Novomoskovsk), New Russia (Novorossiis), which indicated the colonial character of these new territories. New centres sprang up as the Cossacks marched on eastward—Tobolsk was founded in 1587, Tomsk in 1604, Yenisesik in 1618, and Yakutsk in 1632; the Sea of Okhotsk was reached in 1636. In the beginning they were fugitive serfs, bankrupt individuals, criminals, and adventurers of all kinds; they were followed by unwilling convicts deported to "Siberia" (as the phrase of today still indicates this process), together with soldiers, officials, and the dispossessed and unhappy peoples from all walks of life, and peasants looking for free land.

The fur trade, however, was most attractive to St. Petersburg in the eighteenth century. The Czar, anxious to explore the rumors that furs could be acquired from a great land across the ocean to the east, sent, in 1728, Captain Vitus Bering, a Danish navigator in the Russian navy, to explore the region.[11] This led to the discoveries of the Strait separating Asia and North America, the exploration of Alaska, the conquest of the Aleutian Islands, and eventually also of the Kodiak Island, the mainland near Copper River, and the seal-bearing Pribilov Island; Baranov became governor of Alaska and Sitka, and other settlements were founded. Captain Kuskov explored Washington's, Oregon's and California's coasts in

[11] For the relation of Captain Bering and the colonization of the American continent by the Russians, see: Yaroslav J. Chyz, "Russian Americans," in Francis J. Brown & Joseph S. Roucek, Eds., One America (New York: Prentice-Hall, 1945), pp. 120–7.

1808, and a Russian colony was formed in California in 1812—and in 1813 in Hawaii. But the inability of St. Petersburg to control these far-reaching outposts and the internal and international situation led the Czar's government to sell Russia's landholdings in Califoria to John Sutter in 1841 and Alaska to the United States in 1867.

The Acquisitions of the Nineteenth Century. During the nineneenth century, St. Petersburg continued its geopolitical expansion by means of the patching method, by filling out the "natural" boundaries of Russia. It was really the old-fashioned imperialistic technique, whereby Russia reached out for the Transcaucasus, most of the Caspian region, Central Asia, and the Amur River and parts of Manchuria in the Far East. At the same time, Finland was taken from the Swedes in 1809 (and Bessarabia from the Turks in 1812)—thereby strengthening Russia's hold on the Baltic and Black Seas.

While the "window on the Baltic" was already a reality, Russia's persistent agitation for the liberation of the "Christian Slavs" in the Balkans during the nineteenth century was nothing else but an effort to outflank the Dardanelles (a geopolitical feat, in 1949 taking the formula of promoting the "liberation" and creation of a "free Macedonia"). A temporary halt in the Balkan pressure was provided by the Crimean war. In the second half of the century, Russia turned to the Far East where she had been arrested much earlier; with the aid of the Siberian railroad which mitigated her former lack of adequate transportation she started penetrating into Manchuria, whose resources could support her eastern Siberian expanse, and into Korea which could offer an opening on the Yellow Sea and the Pacific Ocean less obstructed than Vladivostok and not as cold as Siberia on the north Pacific and the Arctic. But strong and unexpected opposition by the Japanese (1904–5) resulted in the loss of Port Arthur and southern Manchuria. Then the Finns revolted in 1905 and had to be granted autonomy. Nevertheless and in spite of these losses and the inability to acquire the control of open ocean ports, Russia had been steadily growing. In the relatively short period from 1850 to 1914, Russia had acquired an area of 3,250,000 square miles and in 1914 ruled approximately 170 million people. In fact, during the four centuries preceding the present one, Russia had increased her territory at a rate that averaged fifty square miles a day.

The Interlude After World War I. The course of events during World War I, and the replacement of the Czarist regime in Russia by the Soviet, halted, temporarily, the centrifugal tendencies of Russia's geopolitical pressures. The Brest-Litovsk Treaty of 1917 forced Russia to

give up Finland, Esthonia, Livonia and the Ukraine and turned over districts around the Caspian to the Turks. In fact, Russia lost one fourth of her population, one-fourth of her arable land, one-third of her manufacture, and three-fourths of her coal and iron fields. The defeat of Germany reduced Russia's losses, but Estonia, Latvia, Lithuania and Finland remained free; a peace was concluded with attacking Poland in 1921. Thereafter, the Soviet Government had enough troubles at home and was too concerned with the development of a thoroughly communist State, to continue the original expansionist Czarist policy. Roughly speaking, between World Wars, Russia's geopolitical ambitions were rather dormant, although the stage was already prepared for another cycle of the geopolitical expansionistic dynamics of Russia (but this time of the U.S.S.R.).

The Backbone of the U.S.S.R.'s Geopolitical Strength. The enormous land mass of the U.S.S.R. occupies the eastern half of Europe and nearly two-fifths of Asia; the Ural mountains, a line of hills running approximately from the Arctic Ocean to the Caspian Sea, although always considered as the dividing line between Europe's and Asia's Russia, are no real geographic barrier. The land east of the Urals is generally known as Siberia (although it is known as the Soviet Far East when nearing the Pacific Ocean). Soviet Central Asia is the territory to the southeast of the U.S.S.R.

In so large a land-mass there are of course complexities. The polar regions which form the northern boundaries are inimical to human occupation and are barren except for artificial centres created to exploit mineral resources and to protect Arctic harbors at the outlets of rivers. These are limited in usefulness for they are free only during short periods of the year; by the same token, however, they are limited as means of attacking the country. Between the southern reaches of these great rivers are vast belts of forest and marshes which cover north European Russia and most of Siberia. The south of this great mass of forest is a belt of almost treeless plain, its western portion formed of the famous black soil resulting from attrition of glaciers, which provides the greatest granary of Europe, the long-sought-after goal of aggressive European powers—the Ukraine. It is along this belt, a large portion of Western Russia, larger than all of Europe, that nature has provided a humid temperature zone, with marked seasonal changes which combine to create the type of climate in which political development has consistently increased in scope and intensity since the decline and transition from the Mediter-

ranean power centres. The southern boundaries of the U.S.S.R. have an arid climate or the semi-arid climate of the steppes; here development is regulated by the extent of the irrigation and the importance of mineral resources. The south-central section of European U.S.S.R. has a marked tendency towards periodic droughts, which occasionally assume catastrophic proportions. This necessitates keeping large stores of grains apart from the provisions made for armies. All these complications, however, from the standpoint of uniformity when weighed against complexity, are negligible, since the transition is very gradual. On the basis of general food commodities which these climates produce, Russia is in an extremely favorable position. In fact, Russia is the only country (besides the United States) which is capable of having a slight over-all food surplus. This makes her relatively self-contained and one of the most powerful factors in world politics.

The combination of geography, climate and topography and the fact that the U.S.S.R. has limited access to seashores has made her almost impervious to a military conquest. The attacks of Greater Poland in the early seventeenth century, of the Swedish Charles XII in the early eighteenth century, of Napoleon another hundred years later, and of Hitler in our century are good examples that Russia has had to face the desire of her neighbors to conquer her as a "heartland." But all these thrusts into the "heartland" of Russia have been frustrated by the immensity of the land and the fortitude of the people. The great distances are in themselves a formidable defense; and to find the Russian army, in marshy or forested country bristling with guerrilla fighting, to encircle it, to destroy it, is a formidable prospect. On its European front, Russia has greater stretches of marshes in the north and the centre than any other country in Europe. The Pinsk marshes have been one of its most effective barriers against Poland. The sudden spring thaws, the late autumn rains turn the great treeless plains in the south into great seas of mud. All this the invader must contend with; and, thus, thus far, successful war by invasion against Russia has seldom been waged.

The general, over-all picture of the U.S.S.R. has been well summarized by Professor Tuthill[12]:

On the credit side are the following: unlimited room for expansion, central location with respect to Europe and the Orient, vast areas with a propitious climate for agriculture, the largest amount of the finest grain soil (*chernozem*) in the world, long and extensive systems of internal waterways, abundance and variety of natural vegetation (forests and grasslands), as yet uncalculated quantities of mineral resources, and wide ex-

[12] Tuthill, in Renner, *op. cit.*, p. 521.

panses of plain and steppe unbroken by rugged mountains except for the Urals. On the debit side nature has created certain difficulties which have long plagued the Russian people: of the large area, thousands of square miles are above the Arctic Circle and other thousands are deserts; along much of the southern border is the highest mountain chain in the world; on the west there is no protecting natural boundary at all; most of the great river systems flow northward into the frozen Arctic, offering no exit to the ocean trade lanes; the great lakes (the Caspian and Aral Seas, Lake Balkash and Lake Baikal) are landlocked; the outlets of the littoral areas (Black, Baltic, and Okhotsk) are controlled by foreign powers; and the mineral resources are widely scattered in poor local combinations.

U.S.S.R.'s Renewed Pushes. Although the Soviets renewed the geopolitical "pushes" of Czarist Russia only in the opening phases of World War II, the process had already got started on the way much earlier. The opening step in this renewed drive had been the ideological penetration by communist "fifth columns," which really prepared much of the way for the transformation of the States neighboring Russia into "satellites." The more direct, territorial conquests, started after 1933. First the Chinese province adjacent to the Russian border, Tuna Tuva and Outer Mongolia became Soviet protectorates forming a bulwark directed at Japanese expansion in Manchukuo. Next, Biro Bidjan, which bridges the gap between the coastal mountain ranges of the Pacific and which controls the entrance into the Manchurian plain became an autonomous Soviet territory. The fear of Hitler and the lack of natural frontiers in the west produced a series of Soviet efforts to rectify this condition by pushing the boundary line outward—a process which has, by no means, been completed. Finland accorded to the Soviets considerable portions of eastern Finland which were added to the territory that had been set up as the Karelian Autonomous Republic, and the whole then annexed to the U.S.S.R. as the Karelian Socialist Soviet Republic. The area controls the inland waterways between Leningrad and Murmansk. In a similar fashion, Estonia, Latvia and Lithuania were forced to vote themselves into the U.S.S.R. as Soviet Republics. The Stalin-Hitler deal divided Poland and gave to the U.S.S.R. all the Polish provinces east of the Curzon line which were added to the Ukraine and Byelorussia. Roumania was forced to give up the major part of Bukovina and Bessarabia. Thus, compared to 1914, the U.S.S.R. not only restored but greatly improved her strategic position on her western frontier.

(*Continued*)

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Psychological Assumptions of Economic Theory

By ALBERT LAUTERBACH

ECONOMIC THEORY has faced from its beginning two basic alternatives in its assumptions on human behavior. It could either operate with the known motivations of human beings in the real world in so far as they affect the market and other material processes in society; or it could proceed on the basis of hypothetical assumptions concerning human attitudes and reactions, and work out functional relationships which would be valid only if and when people behaved in this hypothetical way (which was then classified as economic). By and large the second alternative prevailed, though this often occurred in a confused or unconscious combination with the first. It was as if a physicist, before calculating the velocity of fall under actual conditions of a given air density, altitude, etc., had calculated the velocity in a vacuum without keeping out all the complicating factors at first and without introducing all of them eventually either.

In the meantime, analytical psychology, empirical attitude research, and other branches or schools of modern psychology have made enormous strides, of which many economic theorists appear to be only dimly aware. While econometric and classificatory refinements of economic analysis have given impressive evidence of intellectual ingenuity, many assumptions implied with regard to individual or group reactions have been either increasingly and permanently hypothetical, or unrealistic, or full of unwarranted generalizations. It is doubtful how much longer economic analysis can afford to neglect or by-pass the findings of social and analytical psychology from the last half-century without losing every claim to being a guidepost for the understanding and direction of economic life in the real world.

The Rôle of Psychological Hypothesis in Economics

ECONOMICS AS A SCIENCE is well over a century older than analytical psychology, and Adam Smith could not in fairness be expected to anticipate and utilize either Freudianism or Gestalt psychology. It is true that "economic man" has ordinarily been a mere hypothetical device, rather than a concrete psychological assumption, although confusion on this point has not been infrequent in detailed economic analysis. To quote John M. Clark, "Our old friend, the 'economic man,' is becoming very

self-conscious and bafflingly noncommittal. . . . The poor thing has been told that his psychology is all wrong, and he is gamely trying to get on without any and still perform as many as possible of his accustomed tasks."[1] Instead of always stating clearly that much marginal analysis, for example, is assumed to be applicable if and when human beings react "economically" (that is, to the extent that their satisfactions occur in steps or layers which bring them diminishing utility according to a predictable general pattern), economists sometimes implied that people actually and necessarily would (or should!) react that way in practice.[2] The escape clause, of course, has been in the convenient statement that to the extent that human behavior did not fit that hypothetical pattern, it was not "economic" and, therefore, did not belong to the scope of the Department of Economics.

Actually psychological assumptions in various schools of economic thinking remained debatable for at least two reasons: first, because they were often unrealistic from the psychologist's point of view and had no practical significance except possibly as an intellectual gymnastics of a rather dubious kind. And second, because even those assumptions which were more realistic often implied a rigidity of attitudes which was out of tune with the findings of modern psychology.[3] Many shaky generalizations on "economic" behavior could have been made more nearly foolproof by a conscious limitation of their historical validity; that is, by confining the abstraction and generalization to the institutional framework of a capitalistic economy instead of stating the relationships concerned in terms of timeless validity.[4]

[1] "The Socializing of Theoretical Economics," in "Preface to Social Economics" (New York, 1936) p. 9. See also J. M. Clark, "Alternative to Serfdom," (New York, 1948) pp. 27*ff*.

[2] For a discussion of the various possible meanings of the marginal-utility concept, see Lindley M. Fraser, "Economic Thought and Language," (London, 1947) ch. 17. Also Lionel Robbins, "An Essay on the Nature and Significance of Economic Science" (London, 1937) pp. 83 *ff*., 136 *ff*.; A. G. Hart, "Anticipations, Uncertainty and Dynamic Planning" (Chicago, 1940) ch. 1.

[3] On the rôle of motivations in economic thought see Wesley C. Mitchell, "Facts and Values in Economics", *Journal of Philosophy*, XLI, 1944; Barbara Wootton, "Lament for Economics" (London, 1938) especially pp. 50 *ff*., 119 *ff*., and ch. 5; E. Ronald Walker, "From Economic Theory to Policy" (Chicago, 1943) ch. 5; R. F. Harrod, "Towards a Dynamic Economics" (London, 1948) ch. 1; Z. C. Dickinson, "Economic Motives: The Psychological Foundations of Economic Theory" (Cambridge, Mass. 1922); Dr. Joseph Wilder, "Psychiatry and Economics," *American Journal of Psychotherapy*, III, 1, January 1949.

[4] On the historical setting of economic theory itself, see O. H. Taylor, "Philosophies and Economic Theories in Modern Occidental Culture," in "Ideological Differences and World Order," ed, F. S. Northrop (New Haven, 1949); Werner Stark, "The History of Economics in Its Relation to Social Developments" (London, 1945).

In fact economic analysis often combines two meanings of "economics" without always distinguishing them clearly: a material and a formal one. Both meanings necessitate certain psychological assumptions, which have sometimes been made only implicitly and crudely. The material meaning of economics, which refers chiefly to the processes of production and distribution on the basis of natural factors and historical institutions, involves such psychological concepts as want and utility. Economics in the formal meaning, on the other hand, refers to the "rational" choice of scarce means for given ends of any kind. Economic theory has rarely bothered to discuss the ends as such; it has seldom been interested in the impact of unconscious needs; and it has paid very limited attention to the problem of what exactly it meant to classify as "rational," with respect to either ends or choices. The discovery by modern psychology of the decisive impact of irrational and unconscious factors in human behavior at first caught many economists flatfooted, and they barely extricated themselves from their predicament by declaring that irrational factors simply do not concern the economist, *per definitionem.*

This left formal economics with an elegant—but socially and psychologically not always meaningful—array of formulas, largely of a hypothetical type.[5] By and large they referred to exchange relations of individuals or firms in a competitive market, always implying "economic" behavior in a pre-established, rather narrow sense on the part of an individual who, for the purpose of certain theorems at least, was assumed to be a dependable judge of his own subjective needs or objective "interests." Later similar principles were applied to slightly modified conditions, such as imperfect competition, but the basic psychological assumptions underwent little change.

"At the present time most economic theorists try to take the empirical fact of choice for granted without inquiring into the fundamental reasoning behind it."[6] The main body of economic analysis today is concerned with assumed or probable reactions of the individual or firm to certain hypothetical happenings either in a perfect or in an imperfect market. Few authors seem to be interested in the possibility that the whole pattern of reactions to a given change in market data may vary, not only from individual to individual, but from period to period, country to country, culture to culture. The "behavior of the firm"—potentially quite a use-

[5] According to P. A. Samuelson, "Foundations of Economic Analysis" (Cambridge, Mass., 1948) p. 117, economic theory would be changed little if the utility analysis were found to be empirically untrue.

[6] David McCord Wright, "The Economics of Disturbance" (New York, 1947) p. 31.

ful personalization of a business unit for limited purposes—appears to lend itself easily to an unwarranted identification with behavior patterns of the individual; on the other hand, the qualitative (and, of course, quantitative) difference between the "behavior" of individual units and that of socio-economic groups or agencies (microeconomics versus macroeconomics) is now widely understood. Whenever economists are called upon for practical recommendations they are quite likely to allow for cultural, historical, or geographical variations in the pattern of individual and group reactions. In economic theory, however, such psychological discrimination is still rare, especially where detailed analysis of the reasoning underlying concrete choices is concerned.

Among those who believe that an adequate level of government expenditures suffices to assure full employment, widespread opinion appears to take it for granted that for this purpose the people and their parliaments first have to be scared into rearmament (or, perhaps, moved into foreign relief), while they will always consider the same amount of expenditure as extravagant if it is to be used merely for slum clearance or playground construction at home. If we assume, for the purpose of this discussion, that an adequate level of aggregate spending is all that matters, can Western nations really have full employment only at the price of getting ready for war all the time? No convincing economic reason for any such connection has yet been shown. Can we hope for a removal, at some future date, of the mental block which caused it? This will undoubtedly take much more than mere improvement of research methods on the academic level; but in order to answer the question theoretically, at least, the economists will need more help from the psychologists than they have either asked for or received heretofore.

Psychological Aspects of the Consumption Function

ANOTHER EXAMPLE of unfinished psychological business in economic theory concerns the use by Keynes, in his *magnum opus*,[7] of the concept of "propensity to consume." He asserts, in particular, that "the fundamental psychological law, upon which we are entitled to depend with great confidence both *a priori* from our knowledge of human nature and from the detailed facts of experience, is that men are disposed, as a rule and on the average, to increase their consumption as their income increases, but not by as much as the increase in their income." Other writers have criticized Keynes' failure to give any quantitative indication of the decline

[7] J. M. Keynes, "General Theory of Employment, Interest and Money" (New York, 1936), especially pp. 96 *ff*.

in propensity to consume with rising income[8]; but there is little evidence from the psychologists of an actual observation of any such "fundamental psychological law," whatever this may mean exactly; and as long as such evidence is missing, Keynes' assertion can only be interpreted as a vague and historically limited rule of thumb.

In fact, he qualifies it considerably a little later, when he describes it as "a fundamental psychological rule *for any modern community*" (italics supplied). To begin with, this psychological rule of supposedly general validity cannot very well concern the numerous people who have no direct income. Aside from this limitation, psychologists have pointed out, for example, the difference in spending habits between the new rich with their "conspicuous consumption" and the old rich with their tendency to conceal luxuries; a difference which applies even when the levels of and changes in incomes are exactly alike.

Yet Keynes does not confine himself to claiming that economic society as a whole tends to increase consumption with rising income at a less than proportionate rate; he speaks expressly of "men, as a rule and on the average." Even if we interpret this statement as referring to a rule of large numbers, rather than to every individual or limited group, it would be extremely important to explore the number, frequency in time, causes, and distribution of the exceptions.

It might be objected that the consumption function, like other concepts in economic theory, consciously refers to *what* people do and not to *why* they do it. However, such an objection would beg the issue. The question why people behave in a certain way if and when they do it, implies an evaluation of the probability of their behaving similarly in the future, particularly under different socio-cultural conditions; and this evaluation, in turn, decides whether we are really faced with a general theory or merely with a summary of institutionally defined relationships of a limited validity in terms of history, geography, or social stratification.[9] In fact the National Bureau of Economic Research, which has examined the statistical evidence available, has expressed serious reservations on factual grounds concerning the validity of Keynes' "fundamental psychological law" in our own economic society.[10]

[8] See, for example, Arthur F. Burns, *Economic Research and the Keynesian Thinking of Our Times*, 26th Annual Report of the National Bureau of Economic Research (New York, 1946).

[9] See William Fellner, "Monetary Policies and Full Employment" (Berkeley, 1946) pp. 55 *ff.*

[10] See Burns, *op. cit.*; Simon Kuznets, "National Product Since 1869" (New York, 1946), Part III. Also William Fellner, "Employment Theory and Business Cycles," in "A Survey of Contemporary Economics," ed. H. S. Ellis (Philadelphia, 1948).

Generally speaking, we know of cases in which a physical saturation point in consumption is reached unmistakably; we also know that at certain income levels, in a given historical society, new long-range, sophisticated wishes appear, which may act as brake on more primitive and immediate patterns of consumption, especially with regard to food and shelter. We should know more, however, about the impact of cultural lags on consumer habits; about the influence of typical patterns of childhood frustrations on later consumer wishes and preferences; and about the influence of personal anxieties of all kinds upon market decisions, for example the influence of superstition and magic upon consumers' demand. In the discussion of such factors of economic "maturity" as changes in population trends there has been relatively little realization of the potential effect which the partly repressed sex and survival urges of the individual may have upon his desire for high reproduction, if not of his own family then of his nation in general; on the other hand, little attention has likewise been paid to the restraining influence of socio-economic insecurity upon birthrates in our period.

To come back more specifically to the problem of consumption patterns: in compiling a time series, statisticians are not ordinarily interested in the question whether the absolute and comparative intensity of the various consumer wants has changed during the period concerned, and in which way. What interests the statistician professionally is the actual purchase data, and not what goes on in the mind of either the consumer who buys or the one who does not. Yet more discriminating and realistic generalizations with regard to market processes might result from a knowledge of the symbolic, sentimental, moral, or sexual significance which individuals, social groups, or cultural units associate with their valuation of certain commodities at a given time. An immigrant from Southern Europe, for instance, may buy spaghetti not only for strictly economic reasons (that is, because it is relatively cheap food). For him it may symbolize his old country and he may be willing to pay a higher price for it than a man in the same income group but of different stock; while his son—in his desire to be a real American—may develop an aversion to spaghetti and not be in the market for it regardless of price.

If our assumptions concerning demand elasticities, for instance, are to represent generalizations of some reality value and social validity, rather than general exercises in the formal logics of hypothesis, then they cannot afford to disregard such factors of cultural and socio-psychological im-

port.[11] Promoters, designers, salesmen, advertisers have, of course, accumulated a considerable amount of scattered data in this general field, which await real integration under the combined leadership of economists and psychologists. In this exploration, special attention should be paid to socio-historical changes in such valuations. Forty years ago the lipstick was a symbol of female challenge to the prevailing social code. Today it indicates a somewhat unimaginative conformity with the code and customs of society. Comparable data are available on the changing valuation and symbolic meaning of dress fashions, cigarettes, and many other goods. Moreover, the very process of product differentiation has constantly increased the complexity of choice for the consumer, a development which cannot fail to affect the whole pattern of consumer behavior and market processes.[12]

"Confidence," "Insecurity," and Market Behavior

THE TRADITIONAL LIMITATIONS of psychological training among economists in part account for the fact that the most contradictory conclusions have sometimes been drawn by various researchers from the same basic facts and figures—conclusions which have often been colored by their own background, interests, or predilections. Veblen, Commons, and some other institutionalists, it is true, have pioneered in analyzing the prevailing codes, in their period, of social status, business morals, financial success, leisure habits, etiquette, and economic nationalism; and in dissecting such phenomena as conspicuous consumption, pecuniary emulation, the instinct of workmanship, and the rise and fall of fashions. Even here, however, systematic integration of economic analysis with modern psychology has been rare; and so has the expansion of a mere description and classification of institutions into an objective comparison of their socio-economic effectiveness in terms of meeting the typical needs of the individual in a given society.

More recently, there has been fairly frequent discussion of the influence of anxiety upon market developments, especially with regard to business cycles. Fluctuations in "confidence" have often been mentioned either as

[11] In his presidential address, on "Economics and Human Relations" to the Canadian Political Science Association on June 18, 1948, (*Canadian Journal of Economics and Political Science*, August 1948, pp. 301 *ff.*), Dr. V. W. Bladen summarizes a practical experience in the field of industrial relations as follows, "Though an economist by profession, I had for a long time subscribed to the view that economics is but a part, albeit an important part, of social science . . . I recognized at the outset that, in these studies of human relations in industry, economics would play a small part; it was disturbing, however, to find that economists were not merely considered useless, but actively harmful."

[12] See B. F. Haley, "Value and Distribution," in *A Survey of Contemporary Economics*, *op. cit.*, pp. 7 *ff.*; R. T. Norris, "The Theory of Consumer's Demand" (New Haven, 1941) pp. 189 *ff.*; Wootton, *op. cit.* pp. 189 *ff.*

a cause or as a result of happenings on the market, but here again the utilization of psychological findings for economic analysis has been limited. In Keynes' words, "The *state of confidence*, as they term it, is a matter to which practical men always pay the closest and most anxious attention. But economists have not analysed it carefully and have been content, as a rule, to discuss it in general terms."[13] Even the real functioning of the stock exchange and the daily influence of rumor upon the markets do not seem to be fully clarified as yet. Outside stock market research, panics have usually been regarded by economists as abnormal and largely irrational phenomena, which belong entirely to the province of the psychologists. There seems to be some lack of agreement on the extent to which this applies to stock market panics, too.

The attention paid to such market determinants as anticipations and uncertainty has distinctly increased during the last decade, but some of this discussion has been in terms of either a rather formal "elasticity of expectations" or a mathematical probability calculation, rather than in terms of the psychodynamics and social relations involved. There has rarely been much allowance for the effect of concrete social developments (such as a recent depression, a war danger, or a reform movement) upon business uncertainty; nor has there been a full discussion of the potential difference between the basis available to the typical person or firm in shaping their individual anticipations in a given subjective situation, and the aggregate outcome and social policy concerned.[14]

As for the general pattern of business behavior, particularly investment decisions, Keynes' discussion of liquidity preference lists an income motive, a business motive, a precautionary motive, and a speculative motive; but he says little on the exact socio-psychological reasons why people have sought liquidity in our period and less on whether they are likely to do so in all future.[15] Should the wide spread of insecurity feelings in our period —that is, at first glance, a socio-psychological phenomenon outside the range of the "pure" economist—have something to do with it? And is there any general correlation between the incidence of personal insecurity and the occurrence and spread of economic insecurity in a given period?

[13] *Op. cit.*, p. 148.

[14] See Frank H. Knight, "Risk, Uncertainty and Profit" (Boston, 1921), especially chs. XI, XII; J. R. Hicks, "Value and Capital" (Oxford, 1939) pp. 117 *ff.*, 204 *ff.*, 249 *ff.*; G. L. S. Shackle, "Expectation in Economics" (Cambridge, 1949); George Katona, "Psychological Analysis of Business Decisions and Expectations," *American Economic Review*, March 1946.

[15] *Op. cit.*, pp. 194 *ff.* For a discussion of various motives for holding cash, see A. G. Hart, "Money, Debt and Economic Activity" (New York, 1948) pp. 196 *ff.*

Neither economics nor psychology seem to offer any reliable answer to these crucial questions at this point.

To mention another example of the self-imposed limitations of economic thinking, after the complete failure of the attempt to restore the dollar convertibility of the pound sterling in the summer of 1947, the London *Economist* wrote, in pointing to the psychological mistake made, "It is possible even for expert technicians, who have all the available data at their disposal, to be very badly wrong in their estimate of probabilities."[16] Some time ago the American Economic Association, through its Committee on Research, addressed to its members a questionnaire in which one question called for an indication of the shortcomings of current procedures in economic research. Those who answered mentioned "failure to consider the human element" more frequently than any other single cause.[17] The psychologically trained economist could perform an important function in making the individual conscious of the effective forces in his material environment; he could perhaps help to make the individual a better thinker and more immune to irresponsible propaganda, especially to uncontrollable mass fears.

The Process of Choice

ALL THESE CONSIDERATIONS apply particularly to that basic issue of economics, the process of choice, and to the underlying motivations which guide it under given conditions. In his essay "Economics and Modern Psychology," John M. Clark wrote, "to rely on the mere fact of choice, regardless of the kind of motives behind it, might seem to take economics out of all dependence on psychology, but it does not really do so, save at the cost of becoming utterly meaningless."[18]

At this point, economic analysis is still in need of an integrated and up-to-date theory of the formation, determination, and direction of material choices. This includes both the conscious and the unconscious guidance of the individual by cultural, social, and group codes (in explaining, say, the location of certain trades in specific areas of a city). It also includes such factors as "solidarity" and self-assertion on a group scale in labor organizations, co-operatives, and trade associations, which may modify the ordinarily assumed considerations of "gain" in material choices; the significance of symbols in the behavior of individuals and economic groups

[16] *The Economist*, August 23, 1947, p. 305.
[17] *American Economic Review*, Papers and Proceedings, May 1947, p. 751.
[18] "Economics and Modern Psychology," in "Preface to Modern Economics" (New York, 1936) p. 96.

and, especially, in social reform movements; the real effects of advertising in arousing subconscious (as well as conscious) desires; differences in market attitudes between the age groups and sexes, and the concrete psychological roots of these differences; the possible change of reactions during a market process, compared with the implied consistency of preferences in many theorems of conventional economic theory; and, last but not least, the effort and fatigue which may be involved in looking frantically for an accomplished arrangement or "rational" scale of choices—an effort which may be refused in favor of a less "economical" but easier procedure, for example in preferring brand names regardless of comparative price and quality. Here again, the only real alternative to such integration of available psychological data with economic analysis is to confine the latter to an array of purely hypothetical, largely unrealistic, and often meaningless exercises in formal logics as applied to certain material processes. "There is a disquieting possibility that the mouse to fit our mousetrap has not been invented."[19]

We can no longer afford to persist in practically excluding psychology from economics by relying implicitly on a static, mechanistic view of human behavior. The *homo oeconomicus*, at least in any sense other than hypothetical, may have been dead for a long time, but his ghost still haunts our discipline. To give one example, in disputing the possibility of economic calculation on a collectivistic basis, Ludwig Mises claims that when an enterprise is nationalized the motive force for responsibility and initiative "disappears with the exclusion of the material interests of private individuals."[20] In other words, he takes it for granted that the manifestations of human nature never change and that it always remains dominated by material interests in a rather narrow sense. In a recent discussion of what constitutes the basic endowment of man, S. H. Kraines and E. S. Thetford, a psychologist and a psychiatrist, comment grimly, "*We can change human nature;* and we'd better!"[21]

Whether or not the market behavior of modern man in western society is essentially that of an egocentric gambler, as one school of thought im-

[19] A. G. Hart, "Timing and Administering Fiscal Policy," *American Economic Review*, Papers and Proceedings, May 1948, p. 442. Walter A. Weisskopf, "Psychological Aspects of Economic Thought," *Journal of Political Economy*, August 1949, suggests that the continued use in economic theory of inadequate assumptions on omniscience and rationality serves unconsciously an anxiety-avoiding function in excluding from economic study and discussion all the elements of social conflict and disturbance.

[20] Mises, "Economic Calculation in the Socialist Commonwealth," in "Collectivist Economic Planning," ed. F. A. Hayek (London, 1938) p. 118.

[21] S. H. Kraines and E. S. Thetford, "Managing Your Mind: You Can Change Human Nature" (New York, 1944) p. 38.

plies,[22] social psychology and cultural anthropology offer absolutely no evidence that this is the immutable nature of man or the last word in the development of his behavior patterns. Actually the findings of both disciplines mentioned show a far-reaching malleability of the human mind and an astounding variety of behavior patterns and social attitudes.[23] Economists should take the following warning from a contemporary pioneer in social psychology, "Social psychologists have now become more aware of the danger that their established notions, formed in their particular culture, may creep in to distort the validity of their generalizations, and that results obtained from the subjects of a particular culture and of a particular economic-social class must be checked against their counterparts in other cultures and social classes."[24]

There are hopeful indications, however, that psychological complacency among economists is on its way out now.[25] George Katona suggested some time ago that the collection and extrapolation of aggregate data in economic research should regularly be supplemented by such microeconomic data as those on stimuli governing the behavior of individuals, families, and firms; and by statements on the patterns of anticipation, projection of economic attitudes into the future, and formation of decisions. He appears to be confident that such expectations can be measured statistically.[26] Among other examples in which phychological considerations have been admitted in problems of applied economics, a recent discussion of determining factors in collective bargaining uses interestingly the concept of "propensity for invidious comparison";[27] and another author, in examining the

[22] See John Von Neumann and Oskar Morgenstern, "The Theory of Games and Economic Behavior" (Princeton, 1945); O. Morgenstern, "The Theory of Games," *Scientific American*, May 1949; J. M. Clark, "Alternative to Serfdom," *op. cit.*, pp. 47 *f.*; Clare E. Griffin, "Enterprise in a Free Society" (Chicago, 1949) p. 121.

[23] See, for example, Abram Kardiner, "The Psychological Frontiers of Society" (New York, 1945), especially ch. XIV; Clyde Kluckhohn, "Mirror for Man" (New York, 1949).

[24] Muzafer Sherif, "An Outline of Social Psychology" (New York, 1948) pp. 2 *f.* chs. 2 and 3 of this book discuss the socio-psychological aspects of "wants," "needs," "utility," and "propensity." These concepts are also discussed by E. L. Thorndike, "Human Nature and the Social Order" (New York, 1940) chs. 6 to 8, 11 to 14, and 21.

[25] For example, Reinold Noyes, "Economic Man: In Relation to His Natural Environment" (New York, 1948) applies biological and psychological findings to an economic theory of present and future wants.

[26] G. Katona, "Contribution of Psychological Data to Economic Analysis," *Journal of the American Statistical Association*, September 1947. See also his articles "Financial Surveys Among Consumers," *Human Relations*, January 1949; "Effect of Income Changes on the Rate of Saving," *Review of Economic Statistics*, May 1949; "Analysis of Dissaving", *American Economic Review*, June 1949. Also various publications of the Survey Research Center at the University of Michigan.

[27] Arthur M. Ross, "The Dynamics of Wage Determination under Collective Bargaining," *American Economic Review*, December 1947, p. 799. See also J. R. Hicks, "Theory of Wages" (New York, 1948)ch. II, on the significance of the "indivisibility

outlook for small business, asks, "How important are personal connections in obtaining capital? How important is the 'prestige value' of growth and size?" How important is the fear of public opinion, of potential competitors, of political and governmental pressures? How important is the 'Napoleon complex'—the desire, or the distaste of power?"[28]

Conclusion

ECONOMIC ANALYSIS has much to gain from employing the findings of modern psychology more fully than it generally has in the past; and from re-examining the problems themselves, which it has had under discussion, in the light of the questions raised in recent years by the other sciences of man concerning both his basic endowment and the historical changes in his behavior patterns. What really matters for all the disciplines concerned is a broad but realistic and consistent picture of the socio-economic and psychic structure, conditions, and trends which characterize a given period, with due consideration of its cultural and historical background and with projection of discernable trends into the future whenever possible. Such integration will help economists greatly in solving some of the problems with which they struggle today whenever they reach the psychological frontiers of their discipline.

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of the human unit," the market effect of individual differences of laborers and employers, and related factors.

[28] Kenneth E. Boulding, in *American Economic Review*, Papers and Proceedings, May 1948, p. 165. For a fuller discussion of the psychological aspects of monopoly formation, see E. A. G. Robinson, "Monopoly" (London, 1941), especially p. 29.

Farm Land Development

WHAT ARE THE PROSPECTS for additional farm land in the United States? In a new circular the Bureau of Agricultural Economics says that development of new land may be expected in the next few years, principally in the lower Mississippi Valley, the Coastal Plains of the South, and in the western States. Clearing, drainage, protection from floods, and irrigation will make this possible. Recent experience indicates that new land to be developed in the next 10 years by drainage and clearing will probably run to about 8 million acres; new irrigated land to about 4.5 million. As in the last few years much of the acreage brought into use will be to round out and enlarge small farms to make them more efficient.

T. SWANN HARDING

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The Problem of the Welfare State

By PHILIP M. SMITH

IT IS INDEED UNFORTUNATE that the price of technological progress in this country has been social maladjustment and dislocation. Our inability to iron out the fluctuations of the business cycle, and thereby stabilize employment, has heretofore proved an insurmountable barrier to the realization of economic security for a large segment of our population. In view of the growing complexity of modern society, as related to our highly industrialized economy, there have been insistent demands that the federal government assume greater over-all responsibility for the welfare of its citizens. Only through centralized planning, administration, and control, it is argued, can resources be mobilized which are adequate to deal effectively with economic crises that are national in scope. Judging from past experience, there are ample precedents for continued and expanded federal participation in the field of social welfare. When Congress considered the latter of sufficient importance to authorize establishment of federal agencies invested with power to administer a comprehensive social security program it laid the foundations of the modern *Welfare State.*[1]

I

DOUBTLESS it is from the political experience of Great Britain that most contemporary references to the Welfare State have been derived. As might have been anticipated, the program of the British Labor Party, calling for outright nationalization of a substantial portion of heavy industry, aroused antagonism among the more conservative political elements in the United States. Detecting symptoms of a serious breakdown of Britain's

[1] The Welfare State must not be confused with either outright collectivism or benevolent totalitarianism. Evolving within the framework of democratic institutions, it is but one aspect of the trend toward centralization of certain governmental functions. It seems obvious that considerations of political expediency rather than of semantic accuracy have prompted the injection of popular shibboleths into current discussions of the topic, thus serving only to further confuse the issue. The terms *Welfare State, Statism, Welfare Capitalism,* and the like, are used altogether too loosely in much of the current literature. Admitting that they do not readily lend themselves to accurate definition, it is still practicable to formulate an operational or working definition on the basis of expert consensus, free from the prejudices of party politics.

As for "public welfare," it "now means all of the positive programs of government designed to produce economic security, health, knowledge, and well-being." (Dimock and Dimock, "American Government in Action," New York, Rinehart & Company, Inc., 1946, p. 822. See also H. H. Stroup, "Social Work," New York, American Book Company, 1948, pp. 60–75.)

economy—a situation due largely to a combination of adverse factors stemming directly from the war—some American critics went so far as to ascribe it to the heavy financial burden resulting from a social welfare program of unprecedented scope. Furthermore, unconfirmed reports were circulated to the effect that American capitalism had been coerced into underwriting the British socialistic experiment by an administration in Washington sympathetic to collectivism. It is not surprising that such statements created resentment in official circles both at home and abroad.[2]

Although the problem of determing the causes of Britain's economic plight continues to involve debatable issues, there seems little doubt that her people are now irrevocably committed to a way of life in which the State has an expanding rôle in promoting human welfare. Even the Conservatives have given their approval to some of the sweeping reforms that have been consummated. What appeared to be the major issue in the general election of February, 1950, was the question of whether nationalization of industry should be extended in the near future. It is significant that at no time during the campaign was the National Health Service a subject for debate in the sense that the Conservatives were advocating its elimination. Their main contentions were to the effect that the Labor government had deteriorated into an inefficient bureaucracy and that they themselves could carry out similar policies more effectively.

Britain has accepted the principle that many essential social and economic functions are performed more efficiently on a collective rather than individual basis, through the medium of governmental agencies. Whenever they desired to make changes, however, it is noteworthy that the British scrupulously adhered to the gradualistic approach, in contrast to the cataclysmic tactics recommended by certain extreme radicals. So long as the Englishman conceives of the central government as the guardian of his welfare "from the cradle to the grave," it is his privilege to view the extension of its powers with approval, provided that its methods and objectives are consistent with constitutional principles.

[2] Said Paul-Henri Spaak, President of the European Consultative Assembly, and former Prime Minister of Belgium: "I think that all the world should remember that most of Britain's economic problems were born while she resisted Germany alone." (Strasbourg, August 25, 1949.) The events leading up to the devaluation of the pound sterling are now a matter of history. Britain was seriously handicapped by her dollar shortage, although exports in 1949 averaged almost 50 per cent by volume above the figure for 1938. Industrial production in 1949 was about 30 per cent above the prewar level, and agriculture had registered a gain of at least 25 per cent. (Source: *Labor and Industry in Britain*, VII (3), September, 1949, and VIII (1), March, 1950; British Information Services.)

II

WHAT AFTER ALL, is the ultimate purpose of government? According to one school of thought its aim is to promote the "general welfare," even though there are subordinate and auxiliary objectives. Some maintain that we have moved steadily in the direction of a frank recognition that the only inalienable rights are human rights and that property is of value only as it serves mankind. In this country, of course, there have been many historical precedents justifying the use of federal funds for welfare purposes. In his *Report on Manufactures*, Alexander Hamilton held that it was "therefore of necessity left to the discretion of the National Legislature to pronounce upon the objects which concern the general welfare." Under the doctrine of implied powers, as later clarified by the courts, the jurisdiction of Congress over expenditures for welfare purposes has indeed been construed broadly.

During the period of the New Deal the tendency to invest Congress with authority formerly regarded as properly limited to the states culminated in a definite political philosophy. Justice Benjamin Cardozo, of the United States Supreme Court, said in reference to a social security case: "Congress may spend money in aid of the 'general welfare.' . . . The purge of the nation-wide calamity that began in 1929 has taught us many lessons. . . . The problem is plainly national in area and dimensions. . . . Only a power that is national can serve the interests of all."[3] Here is conclusive evidence that a distinguished purist saw in the havoc created by the depression a justifiable reason for the federal government's program for conserving human resources.

With the passing of time, when viewed in retrospect with historical objectivity, it is clear that much social legislation once deemed ill-advised, unduly paternalistic, and even "extremist," is now accepted without question as meeting definite needs, an integral part of the American way of life. Existing provisions for public education, health, and housing—together with the entire social security program—are convincing proof that certain powers assumed by the federal government to insure the well-being of our people have unqualified popular sanction. Nor have business, agriculture, and organized labor been at all reluctant to call upon the government for special concessions whenever the opportunity afforded. Our tariff laws are a case in point, and many similar illustrations could be cited.

Today it is not a question of whether some centralized control of our

[3] Helvering v. Davis (1937).

institutional life is necessary but rather of how far we shall proceed in that direction. Certainly, in these times of complex social and economic organization, of great concentration of corporate wealth, and of amazing technological change, it seems reasonable to look for continued expansion of federal powers. Because of our fear that another depression would prove a world disaster and play into the hands of Communists, is it not probable that we shall expect federal agencies to become more active in the field of social planning, rather than to be confined to the exercise of regulatory functions, on the assumption that "prevention is better than cure?"

III

MANY STUDENTS of the problem of the Welfare State insist that so long as control of the government is in the hands of the people we need not worry about the goal toward which it seems to be moving. They likewise contend, with some justification, that those who seek to discredit aggressive proponents of social reform by labeling them fellow-travelers with Communists, without considering the possible merits of their proposals, may be striking at the very foundations of democracy itself.[4] For while victims of real or imaginary injustices may listen eagerly to the plea of the agitator, they usually embrace communism in desperation only as a last resort when normal channels for the redress of grievances seem closed to them. To expose the fallacy of an idea which is repugnant to us we must examine it in the light of a better idea. We cannot defeat world communism by glibly reciting meaningless cliches which have long since outlived their usefulness; and in an economic order where powerful monopolies tend to strangle small businesses the term "free enterprise" has certainly lost its original significance. To the individual deprived of economic opportunity through no fault of his own—as is true of a large portion of the Negro race in this country—the word *democracy* may also be relatively meaningless.

Hence, many persons feel that if we are to vanquish the communistic philosophy, we must present a dynamic alternative which will have an irresistible appeal to all oppressed peoples. Yet it is extremely doubtful that a resurrection of *laissez-faire* would meet with enthusiastic support in this connection. What appears more probable is that some degree of social planning within the democratic framework of government can provide an answer which will effectively neutralize the communist and

[4] For further discussions of this point, see P. M. Smith, "Educational Sociology and Ideological Conflict," and "Teacher Loyalty and Academic Freedom," *The Journal of Educational Sociology*, February, 1948, and January, 1950.

fascist ideologies in areas having little natural affinity for either a ruthless dictatorship or unbridled individualism.

Call it the Welfare State if we must, they say, but let a major portion of its program be somewhat along the lines of the Tennessee Valley Authority in application, a project designed to build the more abundant life upon a sound economic foundation while offering the people every opportunity to help themselves and thereby render the plan ultimately self-liquidating. For the most part it would apply principles whose legality has already been tested in the courts, extending them whenever needed in accordance with the requirements of the ever-changing social scene.[5] As evidence of the esteem in which TVA is held, the following tribute, for example, is typical:

> No federal enterprise undertaken for the economic well-being of the people in half a century can total up such a performance as TVA for the 16 years since it was inaugurated by the late President Roosevelt. . . . In terms of human benefits, happier living conditions, better facilities for industry and farming, and lightened burdens for homemakers, what TVA has accomplished is almost unassessable. The greatest tribute paid this magnificant enterprise . . . is the fact that most of the original opponents of the project . . . are now TVA's enthusiastic supporters.[6]

IV

A NUMBER OF SOCIAL SCIENTISTS contend that there are clearly-defined limits beyond which the State must not be permitted to go in providing for the welfare of the people, if we are to preserve our democratic philosophy of government. One need not necessarily agree with Winston Churchill that British socialism can lead to communism, nor with Hayek that our emerging collectivism is the road to serfdom. But there are some things that the individual can do best on his own initiative, and he should be encouraged to accept responsibility so long as he does not infringe on the rights of others. If we insist upon placing great power in the hands of government, there is grave danger of the State becoming all-powerful at the expense of the individual citizen. Indeed, it is the impartial verdict of history that the struggle for liberation from the bondage of despotism was a long and costly process. Should the Welfare State finally come under the control of a ruthless dictator and his unprincipled hirelings, in-

[5] Mainly an example of *regional* planning, TVA in some respects capitalizes upon forces working toward decentralization. (See David E. Lilienthal, "TVA Democracy on the March"). In any event, similar developments, such as a Columbia Valley and a Missouri Valley Authority, appear likely in the future because of the regional support.

[6] Excerpt from an editorial in the *Boston Globe*, July 29, 1949.

stead of merely sacrificing liberty for security we would wind up losing both.

Inherent in the Welfare State are certain hazards stemming from the weaknesses of human nature. The old saying that "everybody's business is nobody's business" is more than a trite expression. It is replete with meaning under conditions where the cultural influences to which the individual has been exposed make no provision for substituting altruistic incentives for the motivation of self-interest. This is not to argue that human nature cannot be changed and the profit system eventually be succeeded by some arrangement stressing service and sacrifice rather than pecuniary considerations. But, as things stand, it is doubtful that most men will work as diligently to increase production for the benefit of society in general as when their added efforts yield larger pay checks for themselves and their families in particular. At the present moment, it must be conceded that we have not progressed to the point where this would be a serious issue. Nevertheless, it is conceivable that such a hazard could exist.

So long as a benevolent, paternalistic government is willing to foot the bills—seemingly without obligation on the citizens' part—it is probable that some voters will repudiate their responsibilities as citizens and permit political bosses to arise who would entrench themselves in power through graft and corruption. There is no magic in governmental action as such. Not until we are prepared to make the necessary sacrifices over long periods of time will the complete Welfare State be practicable or even desirable. Furthermore, if it be not preceded by an educational program of suitable character and scope it might easily collapse by reason of lack of enlightened leadership.

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Land Reform in Kashmir

THE GOVERNMENT OF KASHMIR, according to advices from India, is making progress with its land reform effort. Under the law, holdings are limited to twenty acres. Landlords owning more than twenty acres are permitted to select the portion of their holding that they wish to retain. The tracts made available under the measure are distributed to peasants, with the preference given apparently, to the cultivator.

W. L.

Land and Its Relation to Human Happiness

By PERRY LONDON*

THERE SEEMS to be a paradox which plagues modern society. It appears that man can never achieve peace, physical liberty, and economic security together. The Russians possess peace and security, but they have no liberty. The Americans possess liberty and peace, but they lack security. Why is it necessary to gain one of these priceless rights at the expense of another? Cannot all three go hand in hand?

Modern man takes this state of affairs for granted. He tends to look upon it as the working of an irrevocable fate, one which he presently resists, but to which he must ultimately succumb. Lack of work, low wages, economic depressions, and war, are things which simply must be. But are these evils really inevitable, or can man, upon learning their cause, get rid of them?

In this essay, I shall attempt to describe two theories dealing with the problem of "human want and suffering," theories diametrically opposed to each other, the one important because of its wide practical acceptance, and the other for its logical and historical significance.

I

IN 1798, THOMAS MALTHUS, an Englishman, published the first edition of his essay on population. His fundamental contention was that population increases more rapidly than land, the basis of production, can give subsistence. While population doubles every twenty-five years, the productivity of land increases arithmetically. On these grounds, it may be contended that within three generations after all the land of any nation had been occupied, that nation would be overpopulated. Then, in a general competition among labor for employment, wages would be forced down to the point of bare subsistence. Two forces tend to prevent this condition. The first is called "positive checks on population" such as war, famine, and pestilence; the second, "preventive checks," such as "moral restraint," that is, lowering the birth-rate and raising the age of marriage.

This theory met with varied response; since it was, however, no more than the final statement of a current trend of thought, and was apparently

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supported by a good deal of statistical evidence, its validity, in the public eye, was considerably enhanced. Moreover, its very pessimism, which makes futile any economic reform, appealed to that tendency among men to preserve the status quo. This has led to its acceptance, both consciously and subconsciously, to such a degree that it is highly influential in social, political, and economic theory even today.

It was in 1879 that an American, Henry George, crystallized a theory which completely repudiates the Malthusian Doctrine and sets up a far more hopeful outlook for humanity. George's contention is founded on three premises. All production necessarily stems from land. Wages are regulated, for the most part, by the productive capacity of the best rent-free land. Rent is determined by the excess of production over that of the poorest land in use. Therefore, a lowering of wages or production, or both, is due primarily to the withholding of land from use in order to gain as it increases in value by charging rents up to the limit at which labor is willing to live and reproduce. To reach this conclusion, George scraps the entire Malthusian Doctrine and insists that: (a) increased population increases productive capacity; (b) the land, with man's improvements, can produce for an indefinite period in increasing amounts, and (c) a shortage of labor for increased production should constantly tend to raise wages. As these ideal conditions are not satisfied, George proposes, as a remedy of land monopoly and exorbitant rents, that land ownership, to the extent that it gives the possessor the right to charge rents or withhold land from use for a possible future increase in value, be destroyed by the imposition of a single tax on the value of the bare land. This tax would bring so much money into the treasury that the need for any other taxes would be eliminated. At the same time, land speculators would be forced to open the land to producers, and in a competition among landholders, rents would drop to a minimum or disappear altogether. The practicality of this idea lies in the fact that it would cause no basic change in the government, and would simplify the operations of government as far as taxes are concerned. His *entire* hypothesis is based on the idea that there is more than enough land in any country to support the population of that country, and as it is exploited, improvements will take place at a rate sufficient to support an increasing population at increasing wages and a higher rate of production *ad infinitum*.

The main difficulty in George's theory is not logical, but historical. It is perhaps in recognition of this fact that he states, "If it were true that land had always been treated as private property, that would not prove the

justice or necessity of continuing so to treat it. . . ."[1] At every turn we *seem* to see the Malthusian Doctrine in operation, with war and famine a constant check upon population, and yet population continually "pressing upon the limits of subsistence." Even those historical cases which George cites to show common ownership of land as solving the problem may be explained away by the plentifulness of land in early times and by "positive checks." On the other hand, there is no question but that such phenomena as the Black Plague and the Hundred Years War caused a shortage of labor and raised wages. Even the statistics which show that only a small proportion of the land of many civilized countries is in use[2] may be brushed aside with the query, "What would happen if they were filled?"

II

THERE IS ONLY ONE WAY to put both theories to the test of fact. That is to study some society organized on the basis of Henry George's ideas, an isolated society which, if successful, would negate the Malthusian theory in its entirety[3]. That such a society did exist may be established by a study of land tenure in Biblical and Talmudic tradition.

There are three reasons why the history of the early Israelites might well afford a clear-cut view of George's theory as opposed to that of Malthus: (1) their society was almost completely isolated; (2) they approach in their legal statutes those ideas which George put forth, and (3) these statutes were observed over a long period of time. Since these three features of Jewish history overlap considerably, we shall take them up as one, and integrate their historical aspects with the problem at hand.

The basic consideration in this study is that the land which the Twelve Tribes of Israel occupied after their exodus from Egypt was not settled haphazardly, but was divided equally among the tribes before their occupation, on the basis of productive capacity[4]. In other words, two tribes of equal population might occupy lands of immensely different size, but would possess a total of lands of equal productivity. The entire country was thus divided among the tribes equally according to population: within the tribes it was further divided among the family groups. Ac-

[1] Henry George, "Progress and Poverty" (Robert Schalkenbach Foundation: New York, 1949), book VII., ch. IV, p. 369.

[2] E. E. Bowen (George L. Rusby ed.), "Economics Simplified" (Robert Schalkenbach Foundation: New York, 1944), lesson VII, p. 142.

[3] In doing so, we must not confuse George's single tax plan with his general hypothesis, for he proposed the former as a means only of lowering or destroying rents, and not as an end in itself.

[4] Rashi, "Commentary on the Bible," Numbers 26, verse 54.

cording to the Malthusian Doctrine, the land originally put into use, since all of the land occupied was not immediately exploited, should have been able to support comfortably no more than the second generation of occupants, and the third generation would be forced to use the hitherto untouched soil. Though we cannot accurately state just how much of the land was actually used by the first and second generations of occupants, we may make certain observations which appear to expose the fallacy in this respect of the Malthusian Doctrine.

The fighting contingent of the tribes composed over six hundred thousand men[5]. Thus, the total population must have been several times that amount. If we set it as low as five times the number of soldiers[6], the total population would exceed three million. If the whole population were to occupy only one-half of an area approximately equal to that of Vermont[7], then within four generations millions of people should be forced either to emigrate to new lands or be destroyed by "positive checks." The fact was that the same people occupied this soil for thirty-four generations[8] without resort to either alternative.

This, in itself, was due to the system of land tenure provided for in the Mosaic Code and established fourteen years after the Israelite invasion of Palestine[9]. It is based on Leviticus 25, verse 23, which forbids the permanent alienation of land from its original owner. George makes mention of this provision, but seems hardly cognizant of the extent to which his theory is an echo of its development.

The prohibition on alienation is traditionally interpreted as a command that the soil be eventually returned to its original owner or his heirs. In the event that the land was sold in perpetuity, the sale was declared invalid[10] on the grounds that the occupant of the soil is not its possessor, and commands little power over it more than the right to the exclusive use of it. So deeply entrenched is this concept in Jewish law that while the sale of land was not specifically forbidden, it was considered fundamentally wrong except in cases of urgent need; even then it was required that the seller retain some portion of his land for himself[11].

If a man was forced to sell any part of his land, he was required to re-

[5] Numbers 26, verse 51.

[6] In the last war, the ratio of American soldiers to total population was about one to fourteen. Mass armies were not employed before modern times, of course.

[7] Population 359,231 (1940 census.)

[8] *Talmud Babli*, Tractate Erkhin, 12A.

[9] *Ibid.*

[10] Maimonides, *Mishnah Torah*, Laws of Shmitah and Yovel, ch. 11, no. 1.

[11] *Ibid.*, no. 3.

deem it in not less than two years[12]. In the event that he did not do so, then at the fiftieth year, counting from the fourteenth year after the invasion, the land returned to the original occupant without compensation to the buyer[13]. If he was able to do so, however, he was to redeem the land according to a fixed rate of rental, determined by dividing the number of years remaining to the fiftieth year, or Yovel (Jubilee), from the time of the original sale, into the amount originally paid for the land, with the minimum rental covering a period of two years[14]. Three things were thus accomplished. (a) Speculation in rent became almost impossible, as the land progressively declined in value when held by anyone other than the original owner. (b) Rental rates being fixed, coupled with the progressive decline in value, made rent always tend to a minimum. (c) A double incentive towards increased population results from (a) and (b). It was by means of the Yovel alone that access to the soil was guaranteed all the inhabitants of the land, and the rise of great landowners prevented.

We may thus get an idea of the extent to which the premises later held by Henry George have been borne out in Jewish history. Now let us look at that history in the light of the Malthusian Doctrine.

III

IT HAS PREVIOUSLY BEEN NOTED that, following Malthus, the soil of Palestine could by no means sustain an ever-increasing population over a very long period. The Malthusian must then account for literally millions of people who lived during that eight-hundred-year occupation. He will undoubtedly do so by means of emigrations and positive checks. "Moral restraint" cannot be argued, for bearing children has always been one of the primary virtues in Jewish life. Even these arguments cannot apply, however, for it was specifically forbidden to Jews to leave Palestine except in the case of a depression[15]. Furthermore, the very laws stated above did not apply except when all the tribes were present in the country[16]. Thus, emigration is not a possible explanation from the Malthusian viewpoint.

Positive checks, the other alternative, may well be applicable, but it would require a plague or famine that consistently killed millions. The

[12] *Ibid.*, Nos. 8, 9.
[13] Rashi, "Commentary on the Bible," Leviticus 25, verse 10.
[14] *Mishnah Torah, Ibid.*, no. 5.
[15] *Talmud Babli*, Tractate Baba Batra, 91A.
[16] *Ibid.*, Tractate Gittin, 36A.

faithful history of Biblical scripture has failed to record such an event, nor is there any Talmudic tradition to that effect. If war accomplished that end, the Bible has apparently neglected some very important wars involving large sections of the population and leaving unparalleled waste in their tracks. In fact, the very opposite is apparent, for we see the nation steadily growing in wealth and power, reaching its peak in the days of Solomon. It is relevant to note at this point that four hundred and eighty years after the Exodus, seventeen generations after the original division of the land, scripture speaks of Judea and Israel as "multitudinous like the sands of the seashore, festive and happy."[17]

The historical case for Henry George is thus formulated. We have all too briefly investigated that society which existed so much in accordance with what he terms "natural law," but have done so sufficiently to see that the Malthusian Doctrine is false as a general theory. We have seen how this nation existed over a long period of time by those very laws which should have destroyed it, that is, keeping increased population on the soil. Instead of being destroyed, it grew rich and powerful under that system, and developed a culture of universal significance. Its eventual destruction, in fact, resulted from abandoning the system set down in the Bible, and was forewarned to that effect[18].

The land, to which no one man has right, is the basic factor in his existence. That individual who, without warrant, asserts authority over the land is not nearly so harmful or so dangerous as that person who condones or resigns himself to the evil results of such a system. In making war and famine positive factors in human existence, Malthus has granted a shade of justification to both. His theory may therefore be reduced to no more than a pseudo-scientific statement of that comfortable philosophy which Voltaire satirizes in "Candide," that "this is the best of all possible worlds," and "all things happen for the best" in it. Such self-resignation becomes no less than encouragement to those forces of reaction and evil that thwart human happiness. Insecurity is a springboard to national and international discontent, and thus to war. The true clue to the elimination of that evil lies in the equal right to the land which God has given all men. The recognition of this right is the greatest single contribution that society can make to the physical and emotional well-being of humanity, and to the individual happiness and security of man.

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[17] Kings I, 4, verse 20.
[18] Leviticus 26, verse 34.

Government and Labor-Management Relations

By MURRAY EDELMAN

ATTEMPTS to explain the labor-management relationship in terms of economic market forces have been subjected in recent years to wholesome criticism from various social science disciplines, with the result that a far more adequate theory is slowly evolving. Outstanding among the corrective emendations to date have been an emphasis on the drives of the non-economic man and the beginnings of a theory of trade union political behavior.[1]

Another phase of industrial relations theory which greatly needs elucidation is the relationship the political State bears to organized labor and management. Students of labor and industrial relations have been wont to regard the government as an ever more potent *deus ex machina*, increasingly important to their studies, but quite unpredictable, even in the vague "trend" terms in which economic analysis is a predictive science.

Attempts can be made to analyze the pressures upon governmental bodies in dynamic terms. Although a formula that will yield precise prediction of governmental action in the labor-management field is of course not possible, some consistent, regular relationships are discernable; and our theory of labor management relations will not be complete until this vital segment is incorporated. It is a thesis of this paper that it is possible to do this, at least in the form of a conceptual framework. Three broad relationships of government action in the area will be discussed: (1) government actions which influence the future political potential of labor or management; (2) the timing of government actions; (3) the degree to which government organs are responsible and responsive to popular pressures.

Government Actions as Political Instruments and as Applied Standards

COMMENTARIES ON THE RÔLE of labor laws as aspects of the economic scene have usually begun and ended with the proposition that legislation fixes minimal standards of right conduct. Competition for high standards starts at the base line fixed by law; competition for lower standards is proscribed.

This is very well and in a limited sense very true. Some laws, however,

[1] See, *e.g.*, F. J. Roethlisberger and W. J. Dickson, "Management and the Worker," Cambridge, Harvard University Press, 1947; A. M. Ross, "Trade Union Wage Policy," Berkeley and Los Angeles, University of California Press, 1948.

and some other forms of government action, are more virile things than the hard platforms implied by this analysis. They have not only immediate economic and social effects but long term political consequences. Seen in their appropriate pressure interest context, they foreshadow future laws and new minimal standards.

The extent to which government actions foreshadow their successors is conditioned primarily by the peculiar pressure group setting which obtains in this area. In no other field of government activity are there two adversary pressure interests as highly organized as is the case here. Management groups on the one side and organized labor on the other watch the governmental arena closely, ready to step into the fight or to be drawn into it. In most areas of government activity, on the other hand, only one interested party (the railroads, the investment companies, the military services) is highly organized; its adversary is amorphous. In some fields no interest is organized.

Whenever government action influences the strength or status of the group, the political equilibrium is affected. Laws which encourage the organization of workers and collective bargaining or in some manner make it more difficult for unions to continue to function and accomplish their ends exemplify this type of government action. Their effects upon the national political equilibrium do not constitute the rationale for their enactment. Such legislation is enacted to affect the *economic* position of labor (or management), which has been able to persuade the public that this will facilitate the achievement of an economic goal which is in keeping with accepted standards of good public policy. It will win unions enough bargaining strength to permit them to wrest decent wages from employers; or it will curb unethical union bargaining or organizing practices.

The Wagner Act, for example, encouraged union organization by protecting the integrity of unions and requiring that employers deal with them. Few will deny that it was in large measure responsible for the increase of more than 100 per cent in union membership between 1936 and 1949. There is a substantial difference between the political significance of seven million organized workers and 15 million, particularly when the trend is so steeply upward. The Wagner Act has accordingly not only helped workers in 1939 to get higher wages; it will help workers in 1959 to achieve their political and economic goals by establishing labor as an important, organized interest. It is a weapon against future Congresses and administrative agencies as well as against employers who unfairly oppose organization of their employees today.

This is not to say, of course, that labor is protected to the full against

hostile government action in the future. Labor has acquired an added weapon. The weapon may still be too weak to cope with economic, social, and political weapons management may own or secure. Witness the enactment of Taft-Hartley in 1947, some reasons for which are suggested below. Taft-Hartley is also, however, a political as well as an economic instrument, and for the same reasons as those just discussed.

To protect the integrity of a political interest group by State action while leaving the parties free to bargain with regard to the terms of their mutual relations is minimal government action. It leaves decision-making with respect to the details of labor-management relations out of the area of public policy, at least for the time being. At the same time it does have some further implications for future governmental action. Given two power groups which are organized, the struggle between them in the halls of State is certain to be more intense with respect to proposed public policies in which they have conflicting interests. To the extent that either can win majority legislative, administrative, or judicial support, there will be more action by the State designed to alter the balance of power from time to time than would have been the case if only one interest were organized.

While an analysis limited to the dynamics of State action is not adequate to predict in which direction State action will proceed, it may be noted that the existence of adversary organized interests and the consequent higher intensity of the conflict is likely to bring a broader public opinion to bear on the issues. Both sides will attempt to curry public support through the various media of mass communication. Consequently, there will probably be a greater tendency to arrive at solutions in keeping with widely held social values than would be the case if one of the interests were not protected in its right to organize and the other were able to secure favorable government action more easily and with less publicity.

There is, of course, much labor legislation and administration which influences the status of labor or management as political interest groups only indirectly and feebly or not at all, but which realizes minimum standards for the individual. Laws which establish a forty hour week, regular rest periods, or health standards exemplify this type. It is significant that for a long period of its history organized labor opposed this variety of government action when it was suggested, fearing it would weaken the loyalty of the worker to his union and lead him to rely principally upon the government. That it has not had the first of these results would seem to indicate that the worker sees the union not as a rival to the government in dispensing benefits but rather as a medium through which greater pressure may be exerted: upon the government as well as the employer.

Timing as an Element in Political Dynamics

THE POLITICAL EFFECTIVENESS of organized labor and management and the character of government actions *vis-a-vis* organized labor and management are significantly affected by the timing of those actions. This statement is based upon two assumptions. First, government action is a resultant of pressures and the ability of interested groups to arouse pressures.[2] This ability is in turn affected by the values of the public at the time, or at least by the values of that portion of the public which is not apathetic toward the issue concerned. Second, the ability of groups to arouse pressures may change with the passage of time.

If it is clear that the political power of management with respect to labor is changing, it behooves the party which is growing stronger to delay government action which defines their respective rights for the indefinite future. This may be said to be the strategic aspect of the picture, and it is discussed in the following section. There is also the more fundamental question why such change in power relationships occurs. A later section discusses this question from the point of view of a dynamic relationship between public opinion (both rational and emotional) and governmental policy.

Evolution of Power Relationships

A NUMBER OF GOVERNMENT PROGRAMS in recent United States history have clearly illustrated the significance of timing because they operated in periods when power relationships were changing. Highly revealing for the analysis of political dynamics, for example, was the debate on the question whether the National War Labor Board of World War II should decide all disputes on an *ad hoc* basis, evolve precedents on a case to case basis, or begin its operations with a clear statement in advance of its principles of dispute settlement. Given the tripartite organization of the NWLB and the degree to which its deliberations approached normal collective bargaining,[3] it is clear that advance establishment of principles would constitute the greatest degree of government intervention and *ad hoc* resolution of disputes the nearest approach to normal collective bargaining.

Since a completely *ad hoc* approach could not possibly have been maintained indefinitely, the question really resolved itself into one of timing. At what point in the wartime development of labor-management relationships should the government step in and define a binding public policy?

[2] For a detailed and provocative statement of this view see Arthur F. Bentley, "The Process of Government," Bloomington, the Principia Press, 1908.

[3] Milton Derber, "Principles of Dispute Settlement" in *Problems and Policies of Dispute Settlement and Wage Stabilization During World War II* (unpublished).

To do it in January, 1942, would have quite a different effect upon both the political power of the respective sides and upon the degree to which they would attain their economic goals than to do it in 1943 or later. Wartime economic conditions were almost certain to develop so as to strengthen the case of organized labor. The manpower situation was certain to grow tighter than it was in January, 1942. The cost of living was almost certain to rise, giving labor a good ethical argument for higher wages. Consequently it was to labor's advantage to seek postponement of the definition of principles and to management's advantage to seek early adoption of principles.

It is an interesting commentary upon this situation that the early adoption of principles implies placing limits thereafter upon the responsiveness of government to pressures and public values. Given the assumption that values are constantly changing all government action represents some such rigidifying of responsiveness. At what point in time should the rigidity be introduced? Clearly, the answer given by any group is not likely to be reached on ethical grounds, although it will, of course, be justified on such grounds.[4]

It is not difficult to cite other examples of the importance of the timing of government actions from the point of view of its effect upon the political strategy of the pressure interests on the immediate occasion and its long term effects upon their power. Before 1906 the railroad operators strongly opposed resort to government arbitration while the railroad unions favored it. After the unions had gained enough strength to become formidable, the attitude of the operators changed considerably. It was now quite possible that they could gain more by a naked test of strength than by arbitration.[5]

The effect of the play of forces suggested here may result in a postponement of the introduction of public (non-interest) values into policy formation. For the stronger side, which opposes government intervention so long as it believes it can do better by its own efforts, will also be likely to have the greater political influence.

The Rôle of Intelligence as a Dynamic Political Element

IT HAS BEEN ASSUMED throughout the foregoing discussion that contemporary social values are the fundamental determinant of public policy. Organized pressure interests try to achieve their political goals by con-

[4] For a further reference to responsiveness to public opinion, see discussion below.
[5] *Cf.* H. E. Millis and R. A. Montgomery, "Organized Labor," p. 731.

vincing the political parties and the Congress that the particular aims of the pressure group are in line with an underlying consensus as to what constitutes right conduct.[6] Rational or nonrational appeals may be employed in the process of persuasion. This last point is increasingly important in any examination of the relationship between government and organized labor and management; for government today has become, among other things, a force seeking to assure that intelligence and rational considerations are not entirely overlooked in the persuasive process. The operations of the Bureau of Labor Statistics and other government agencies which engage in research may be viewed as official efforts to provide a basis for an informed choice among the alternatives urged by organized labor and management as well as other economic interests. In this effort the government's work is supplemented to some slight degree by social science research in the universities and elsewhere.

It may be argued that research plays a more dynamic rôle in policy formation than that just cited. The portion of the public which is interested in any proposed public policy has a hierarchy of social values, and it is easiest to persuade a majority to support a policy designed to realize values near the top of the hierarchy. Politics has to a considerable degree involved the forced choice of lesser goals because the most ardently desired ones are not achievable, given the present body of knowledge regarding cause-effect relationships in the social sciences. As social scientists progress in their ability to see cause-effect relationships, they may create the conditions for substituting more strongly desired goals for lesser ones; for the public is likely to make clear its approval of measures which realize values desired intensely by a large number of people.

The choice in the depression of a public policy of large scale government spending in the hope that it would "prime the pump" exemplifies this process to some extent. Previously the highest value it seemed possible to attain in times of depression was amelioration of suffering through the dole. Restoration of high levels of employment was clearly more ardently desired, but its achievement was so complicated a resultant of cause-effect relationships that it was not attempted. Economists in and out of government thought they saw in the Nineteen-Thirties a means of promoting this more ardently desired end. The 1936 election (46 states to 2) was undoubtedly in large part an expression of public approbation for partial success in the effort.

[6] *Cf.* Bentley, *op. cit.*; also J. A. Corry, "Elements of Democratic Government," New York, Oxford University Press, 1947, Ch. 10.

Governmental Influences Upon Public Values and Upon Research

THE GOVERNMENT may itself seek to influence the currently held scale of public values or may seek to clarify the relationships between the existing scale of values and alternative public policies. It did this most clearly in enacting the Employment Act of 1946. Here, while seeking to realize an important social value, the Congress set up a pressure outside the labor and management organizations which will have a substantial and consistent effect upon labor-management power relationships. The social value it seeks is maximum employment. In its essence it is a device to bring public values (those held by persons not immediately connected with organized labor or management) to bear upon the economic scene, including labor-management relations.[7]

In establishing the Council of Economic Advisers, Congress was in a real sense setting up a political pressure upon itself. Business groups and labor groups have strongly held ideas as to appropriate economic policy in various phases of the business cycle and can be counted on to work hard for their respective programs on Capital Hill and through the media of mass communication. The Council of Economic Advisers is designed to give Congress an insight that reflects more basic values than those of the organized pressure interests. More than that, it is designed, through the issuance of annual and special reports, to build up a public opinion in favor of its proposals upon which Congress may rely for backing against one or both of the organized interests.

This dynamic political rôle of the Employment Act of 1946 becomes more impressive when one reflects that it is its only rôle. Unlike fair labor standards laws and labor relations acts, no social or economic value is directly realized. Actions of the Council of Economic Advisers do not directly result in higher wages, shorter hours, better working conditions, abolition of unfair labor practices, or any other change in the functioning of the economy. They result only in political pressure upon the Congress and the administration.

Is this pressure likely to be consistent in character and direction? Will it, over the long run, incline generally toward either the labor or the

[7] Although "public values" are defined here as those held by persons not immediately connected with organized labor or management, one or both of the latter may of course share such values, and one or both usually must do so if the values are to be translated into public policy. In the present instance the unions supported the establishment of a Council of Economic Advisers, and management groups tended to oppose it. For the reasons discussed below (and not because of union support) the Council seemed likely to recommend policies more in line with union desires than those of management. To put it another way, it seemed to Congress that the values of organized labor were more in keeping with "public values" on this issue than were those of management.

management position as a result of inherent institutional forces? There is rather impressive evidence that there are such forces and such consistency; and that the Act is far more often likely to move public policy toward the union position than toward that of management.[8] The Act contemplates remedial action by government to compensate for socially undesirable results flowing from private decisions. Such action may either force the private parties who are in a position to influence the condition of the economy by their decisions to act in different ways from those they otherwise would; or it may supplement private action (such as investment) with government action. In either case the result is likely to be public policy somewhat further lift of center than it formerly was. For it is primarily management which is in a position to influence the condition of the economy by its voluntary decisions. As a consequence it is management which is most likely to find the government curbing its power to make the decisions which it regards as desirable in order to promote its own best interests.

That the organized labor and mangement interests and the members of the Seventy-ninth Congress which passed the bill saw its results in something like these terms is indicated by the nature of the debate and the vote. In general, an employment act was favored by the liberal Congressmen, who, in fact, tried to get an act which more clearly promised government action to implement the Council's recommendations for achieving *full* employment; and was opposed by the conservative members. The debate indicates that there was clear awareness by the more interested members of the bill's potential in this respect.[9] The recommendations that have come from the Council so far have generally been in line with liberal and labor thinking.

Responsiveness and Responsibility

A SERIOUS QUALIFICATION upon the timing calculus just discussed is the degree to which the governmental organs are impartial and responsive to popular pressures. If governmental agencies, whether judicial, legislative, or administrative, are shielded from the necessity of plotting their course in accordance with the play of popular pressures, there exists a simple case of the utilization of government to advance the private interests of one or

[8] Because the Employment Act of 1946 deals with a broader field than labor-management relations, its impact upon that field is more complicated than would be the case with legislation focused more directly. Fiscal policy which is "liberal," for example, might not always be the policy most advantageous to organized labor. The Act does, however, illustrate the point.

[9] *Cf.* remarks by Senator James Murray, *Congressional Record*, Vol. 92, pp. 1167-1172 (Feb. 8, 1946).

the other party. In such a situation the weaker party will, of course, expect support from government (as outlined above) only if the governmental agency happens to be prejudiced in its favor rather than in that of its opponent's.

This, unhappily, is probably the easiest type of government intervention in labor-management relations to cite. The line of court decisions which rendered section 20 of the Clayton Act meaningless constituted one such policy. Shielded from popular pressures in order that they may fairly carry out their truly judicial functions, yet making public policy in many of their decisions, the courts have frequently provided illustrative material for this point. Court action in the area of labor-management relations has in fact become the stock illustration for political scientists of the belief that judges are prone to be guided by an unarticulated major premise.

The legislature is customarily regarded as the most responsible branch of the government. Except for restrictions upon its representative character, such as voting qualifications, partisan gerrymandering, and rural over-representation, and various restrictive procedures such as filibustering, and the operation of seniority in the committee system, it is likely to be more responsive to organized pressures.

There is another consideration, however, with respect to which the legistative body compares unfavorably with its much maligned offspring, the administrative agency. The latter operates in only one subject matter area. It accordingly feels pressures in this one field only, while the explanation for a legislative action with respect to labor may lie with a wholly irrelevant pressure. There is a respectable argument, for example, for the proposition that the Taft-Hartley Act is largely explainable in terms of the meat shortage which prevailed in November, 1946, when most members of the Eightieth Congress were elected. The meat and price control issue resulted in the election of congressmen who were in favor of killing OPA; but these men were also disposed to favor highly restrictive labor legislation. This experience, while common to legislatures, is foreign to administrative bodies. It poses the question whether the democratic potential in administrative policy formation has not been seriously undervalued.

This consideration should, however, be qualified by the observations made earlier with respect to the play of pressures upon administrative agencies, as well as other organs of government. For the reasons noted there, the democratic potential is not likely to be realized if one significant pressure interest is organized and the other is not.

It is probably needless to emphasize that to the extent that an administra-

tive agency enjoys discretion in formulating labor policy, it is crucial for the same reasons as is the legislature itself. If by its actions it helps protect the integrity of an interest group, that interest will be more likely to survive and flourish to bring pressure upon the agency in its turn. If it creates staff, research, and publicity organs to seek and advertise cause-effect relationships, it is creating pressures upon its own future course which arise outside the context of the interests immediately concerned.

Conclusion

GOVERNMENT ACTIONS which influence the course of labor-management relations should not be excluded by social scientists from their attempts to find the causes of trends and to study industrial relations in dynamic terms. The character of relations both determines and is determined by government actions. Economic, psychological, and sociological factors further complicate the multilateral cause-effect schema. Since government is an ever more important part of the chain, our theory of industrial relations will become constantly less adequate unless our theory of the rôle of government in the scheme becomes more adequate.

Political analysis of the type suggested here deals not with moment to moment or day to day changes, but with time spans sufficiently long to permit evolution in power relationships. The sociologist and psychologist are concerned with day to day human relations. The political scientist is closer in this respect to the economist.

This paper has of course pointed to only a few of the types of relationships between government and labor-management relations which obtain in contemporary society. Those discussed suggest many channels for detailed elaboration. The whole question, for example, of the manner in which pressure interests formulate their goals *vis-a-vis* the government and the reasons for differences in intensity among goals are not considered.

There is good evidence, however, that the explanation of the role of government in this area differs significantly from the more general hypotheses with which political scientists have been concerned. This is due primarily to the fact that both the important adversary interests are organized into identifiable and powerful groups. Detailed study of the implications of this phenomenon, when considered in conjunction with the relevant characteristics of American political institutions, should be rewarding.

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The Case for Economic History

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I

A LATE-COMER to the family of sciences, economic history has been disavowed by historians and economists alike. Its scientific character is still a matter of controversy. It is not history, claim the former. Nor is it economics, echo the latter. At best, they will call it a bad compromise of a bad history and an equally bad theory. Is this treatment justified?

No science is born into maturity. Historiography, the Nestor of the social sciences, can look back upon a continuous tradition of more than 2,000 years. And it took nearly two centuries to develop the tools of modern economic research. But it is hardly half a century since Schmoller and Sombart wrote their books and Ashley came to Harvard to occupy the first chair in economic history ever established. Economic history did not have the time to accumulate a fund of knowledge comparable to that of its wealthy parent-sciences. But this deficiency is self-eliminating with time.

There is, however, another difficulty, more important because it is permanent. It is not the youth of economic history but its very character which makes it a stepchild of the social sciences. It is handicapped with regard to both the high degree of factual accuracy required by historians and the equally high degree of theoretical accuracy required by economists.

If economics is the science which describes and explains the ways and means by which modern man makes his living, *i.e.* the conditions of production, distribution, and consumption of wealth; and if history is that branch of knowledge which describes and explains the course of human events in the past; then the task of economic history is to describe and explain the conditions under which man has made his living in the past. In other words, economic history takes its subject matter from economics, and its methods of documentation and interpretation from history.

As far as this definition goes, economic history stands on an equal footing with her sister branches such as political, legal, military, diplomatic, religious, aesthetic history etc. They all take their subject matter from their respective discipline and their methods from history.[1]

[1] Needless to say: just as legal history cannot be written without a knowledge of law; or military history without a knowledge of strategy; or the history of art without a familiarity with the principles and the technique of aesthetics; economic history cannot (and should not) be written without a knowledge of economic theory.

However, it is the very subject matter of economic history which makes it the black sheep among the members of the history family. While only a selected number of mortals engage in politics, art, diplomacy, warfare etc., almost everybody is engaged in economic activities for the simple reason that we all must have our daily bread. To make a living has always been and unfortunately still is the main part of mankind's daily life. It consists of the billions of daily actions of the millions of common men, petty, obscure, anonymous actions of dull routine, going on without even being noticed.

What a difference from political history! The "*grands affaires*" of states and governments are keenly observed by the whole world and automatically recorded in official documents and headlines. Political events often reach a dramatic climax, wars and revolutions break out, blood runs, heads roll. No blood runs in economic history, although many tears. Here, the silent forces of history are at work, unnoticed but powerful like the erosive forces of nature that carry the Rocky Mountains into the sea. These economic forces affect everybody every day in every way. And although they run wild now and then in a spectacular way and like soil erosion cause dust storms and floods, they usually do not make enough noise to be observed and recorded for posterity.

This accounts for the fact that economic documentation is poor up to the nineteenth century. Public records were kept only when fiscal interests were involved such as in matters of tax revenue, coinage, custom duties etc. This is why we know so much more about foreign than domestic trade, about currency regulations than the actual functioning of the currency, about economic legislation than about economic life. A change to the better came only during the nineteenth century when, following the U. S. A. and Sweden, one country after the other began to take a census.[2]

Systematic recording of business activities started only toward the end of the last century with the coming of the modern corporations and their elaborate methods of bookkeeping. Not until then did we know much about price and output policies, and we are still in the dark about them because what lies behind such policies is kept "strictly confidential." The vast field of consumers' behavior has remained practically unexplored, mainly because of the lack of sufficient concrete data.

This scarcity of documentation makes it impossible for the economic historian to establish his sources with the same completeness and to make

[2] England 1801, France 1836, Belgium 1846, Italy 1861, Germany 1871, Russia 1897 (Encyclopaedia of the Social Sciences, vol. II, pp. 295 *ff.*)

his statements with the same precision as his more fortunate fellow-historians, to their great delight and ours, are able to do. And this handicap cannot be made up with time. The only thing we can do is to see to it that future generations should not find themselves at so complete a loss about our time as we find ourselves when we try to describe, for instance, the influence of variations in the quantity and value of money upon the volume of employment in the age of Mercantilism—to mention only one of a host of problems.

It is in situations like this that the professional economist hurries to the help of the historian. For the body of concepts and laws developed by economic theory is applicable not only to the present but also to the past.[3]

Like the palaeontologist who, out of a few fossils, is able to reconstruct the skeleton of a dinosaur, the economic historian can reconstruct out of a few characteristic indications the body economic of past generations with a fair degree of accuracy because economic theory enables him to arrive by inference at conclusions for which empirical evidence is lacking.[4]

Many historians will be inclined to brush aside the validity of such conclusions. There is no need, however, to handle individual items in economics as carefully as in history. What happens to the individual coins and bills, the material out of which they are made, the legal conditions under which they are produced and put in circulation, all this is only relevant insofar as it has a bearing upon the aggregate amount of money in circulation and, indirectly, upon the level of wages and prices and the distribution of the real income. Otherwise it remains part of numismatic and legal history. California businessmen, to take another example, may be a very different brand from their fellow-businessmen in the eastern United States. Yet, their economic actions can be brought down to the same denominator since they always will be determined by their common desire to maximize profits.

It is with these mass phenomena, the aggregates and averages, that the economist is concerned, not with the individual facts. The uniform ele-

[3] Though not without limitations. These laws hold only true for ours, the capitalist system of economy. To analyse the profit chances of a Genoese "maona" in terms of the "marginal efficiency of capital" at a time when most trade was conquest and plunder, and "profits" were not a fraction but a multiple of capital; or to assess the income of labor in a socialist economy with the help of the "marginal productivity of labor" would make as little sense as to measure the profits of General Motors or the income of an automobile worker by the medieval yardstick of "just price" and "just wage." Feudalism was, and socialism, if it ever comes, will be an economic system of its own, and their history cannot be written in terms of the "laws of motion" of modern capitalism.

[4] Earl Hamilton's inquiries into the development of prices in Spain from 1500 to 1800, and Joseph Schumpeter's "Business Cycles" are classical examples of this kind of economic history.

ments in the economic behavior of individuals and groups of individuals outweigh the dissimilarities.[5] They follow a certain pattern which, derived by the means of logic, can be expressed in mathematical terms. The historian, too, often has to make generalizations based upon common sense and analogy. The economist does the same, only his generalizations take the more refined form of algebraic formulae and geometrical devices. Theoretical economics, therefore, is not an accuracy-Ersatz in economic history but makes a good amount of detailed accuracy unnecessary.

II

AVOIDING THE CLIFFS of Scylla means only to be drawn into the whirlpool of Charybdis. For, at this point, the economist will rise and argue: If the foregoing is true, that is if economic theory is really not just a substitute for empirical evidence, cannot all economic history or at least the history of capitalism be written in terms of economic theory? The answer is no. There are limitations to the use of economic theory in history, limitations drawn by theory itself.

The correctness of theoretical statements depends upon the purity of the underlying assumptions and the necessity of the conclusions. The former is achieved, in economics, by the elimination of all non-economic factors from consideration. Only economic factors are considered and these only after they have been purged of all irregularities. This process of isolation and simplification enables the economist to state his assumptions in the form of hypothetical premises, a procedure which, in turn, makes possible the necessity of the conclusion. What then remains to be done is to obey strictly the rules of logic. The conclusion is arrived at by way of a simple syllogism. For example:

Major premise:	Supply curves have a rising slope.
Minor premise:	Demand shifts upward.
Conclusion:	The price level rises.

There is no ambiguity about this statement. The conclusion is a "must" and, as far as these prices are concerned, the only and exclusive one.

Economic history cannot achieve this high degree of precision. Theory can do it because it refers to hypothetical situations and observes the interaction of two or more hermetically isolated economic substances in the imaginatory laboratory of "let's assume." History, however, refers to actual historical situations, and historical causation is not pure but mixed

[5] This applies also to monopolistic competition. There is, of course, differentiation of products but the competitive policies of the firms look remarkably alike as, for example, their uniform reaction to a change in price adopted by one of them.

and complex. Economic history cannot give a purely economic answer to a purely economic question. Its inaccuracy is due to the inter-relation and inter-action of economic and non-economic elements in the flow of historical events.[6]

The attendant drawbacks of economic history are, however, partly offset by certain pitfalls hidden in the very procedures of theoretical analysis. Not only is the accuracy of economic theory due to its "splendid isolation" but the necessity of its conclusions follows from the one-way reasoning of the theoretical economist. Theory starts from assumptions and ends with conclusions. History starts from the conclusion, the concrete fact, and works its way back to the assumptions, the factors responsible for the facts. While only one conclusion is permissible, there may be many sets of assumptions capable of producing the same result. In the above example, prices rose because of a shift in demand. They could, however, as well have risen because of a shift in supply or a shift of both demand and supply. These shifts, in turn, may have been caused by a great number of circumstances such as an increase in the aggregate income of the buyers; a change in either the income distribution among the different buyers' groups or their preferences; a change in the price of complementary goods or substitutes; an increase in the cost of production due to various causes; a decline in output caused by a variety of possible factors: loss of man power and/or raw material sources, reduction of the number of competing firms, government controls or deliberate output restrictions by producers; and a dozen other causes and their various combinations. This accounts for the baffling variety of theories offered whenever a concrete economic phenomenon is to be explained.

Nor is the economist in a position to measure the specific gravity of the economic elements involved in a certain event as compared to the non-economic ones. This he has to leave to the historian. Moreover, the exclusion of the non-economic aspects creates the illusion of an economy functioning like an automatic mechanism whose actions and reactions are open to *a priori* judgment. The economist operates with probabilities and is unable to ascertain the existence of various elements in actual life. The danger of slipping from the narrow path of *sic rebus stantibus* into disregarding essentials and stressing trifles and then landing in the trap of *quod non est in diagramma non est in mundo* is only too obvious.

[6] This holds also true for the theory of historical materialism, the view that all history is ultimately determined by the economic conditions of production. The elements of the "super-structure" would then act not as the ultimate but as proximate causes and still preclude theoretical accuracy.

Forecasts look very different at the time when they are made and at the time about which they are made.

Yes, economic history is less accurate than either history or economics. But factual accuracy is often irrelevant and theoretical accuracy partly an illusion. In combining the historical method with economic analysis, in applying economic theory to history wherever this is necessary, the economic historian is achieving a kind of systematic history which enables him to throw new light upon the past, to unveil the economic significance of historical phenomena, and to reach a degree if not of accuracy, of relevancy which remains beyond the reach of the historian or the economist left alone to their respective devices.

III

How economic history secures this greater relevancy is illustrated in the following outline of the most controversial subject of early American history, the currency problems of the American colonies. It shows the services economic theory can render to history as well as its limitations.[7]

The basic fact of the monetary history of pre-revolutionary America is the inadequate supply of money caused by 1) the absence of gold and silver mines, 2) the adverse balance of trade with England which drained off all the specie received from other sources, especially the trade with the West Indies.

The constant complaints about this scarcity, however, conflict with the equally strong complaints about a superabundance of money and the waves of inflation brought about by frequent issues of paper money. Moreover, the facts are in contradiction with the classical theory that a money shortage should have resulted in a low level of prices and a high rate of interest. The former should have encouraged exports and discouraged imports, the latter attracted foreign capital. In other words, the colonies should have had an export balance of trade and an import balance of capital. As a matter of fact, there was some influx of capital but the balance of trade was adverse.

It is here that the historian has to come to the help of the economist. For the error is, of course, in the theory, not in the facts. While the classical theory was based on the assumption of perfect competition and free trade, the colonies actually operated under the restrictions of the British Navigation and Staple Acts strengthened, in the second half of the

[7] The data are taken from Charles J. Bullock "The Monetary History of the United States", London, Macmillan, 1900, and Curtis P. Nettels "The Money Supply of the American Colonies before 1720," University of Wisconsin Studies in the Social Sciences and History, 1934.

eighteenth century, by Britain's world monopoly in manufactured goods. Under these conditions, the capital imports were enough to offset the trade deficit but not sufficient to build up a stock of specie. And as for paper money, the evils of which were attacked by most writers, there is nothing wrong with paper money. On the contrary, had the colonies only followed the policies of the Bank of England instead of those of the English Land Bank, no harm would have resulted.

The historian on the other hand, is unable to give an answer to this controversy without the help of economic theory. Actually, it is not the absolute amount of money in existence (M) which is relevant but the amount relative to the volume of trade (T). Prices are related directly to M and inversely to T. In other words, prices will be higher, the more money is in circulation and the smaller the volume of trade, as expressed in the Fisher Equation $P = \frac{MV}{T}$ (with V for the transaction velocity of M).[8]

What the colonies had to do in order to obtain better prices for their products and to improve their situation with regard to their British creditors, was to increase MV and keep T low. They tried the latter in narrowing the sphere of monetary transactions as much as possible by avoiding cash payments and sticking to self-sufficiency and barter. Make things yourself; if you cannot make them, trade other goods in for them at the country store or the trading post; pay taxes and fees in kind (the famous Harvard cow). All these were popular ways of keeping the volume of trade small. They were, however, not of great avail as trade was constantly expanding because of two factors: the steady increase in the volume of production caused by the growth of both population and productivity, and the growing commercialization resulting in an ever greater number of monetary transactions.

Nor could much be done in the way of increasing V because of the low density of population and bad transportation and communication facilities. The only remaining way, therefore, was to increase M. This was tried in several ways:

1) Adding commodity money to the metallic currency by granting legal tender to tobacco, rice, sugar, beaver skins, etc. and especially the wampum money of the Indians which did not suffer from the defects of other commodities such as spoilage, need of storage, transportation difficulties etc.

2) Making the available limited amount of gold and silver go farther. Since the official currency, the British sterling, was only a medium of ac-

[8] Irving Fisher, "The Purchasing Power of Money," Macmillan, New York, 1911.

count, while the actual medium of exchange consisted of a variety of foreign coins, especially the Spanish silver dollar, the "piece of eight," the colonies had two ways to do this:

a) debasement of the pound by reducing its intrinsic value, *i.e.* increase M by decreasing the amount of silver per unit. The Boston Mint, established in 1652, did this in coining the "pinetree" shilling with 22.5 per cent less silver content than the standard British shilling. The resulting increase in the amount of money was, however, quickly offset by a corresponding raise in the price of imported goods. The mint was eventually closed because it violated the mint monopoly of the Crown.

b) devaluation of the pound in terms of the silver dollar, *i.e.* increasing M by raising the nominal value of the medium of exchange. This would have given the colonial trade an advantage over England since now the "piece of eight" would buy more in America. Britain, however, was not only able to prevent this but her position was strong enough to afford a lower exchange rate at home than in the colonies. The proclamation of 1704 fixed the exchange rate of the silver dollar in the colonies at six shillings, a generous margin above England's own four shillings six pence. Although even this ceiling was exceeded almost everywhere up to eight shillings, it did not help. For it did not work where it was most needed, namely to alleviate the debt burden of American businessmen. True, the colonies now gave more for the "piece of eight" but they did not receive more for it in England. As a matter of fact, they had maneuvered themselves into a situation of selling cheap and buying dear. What was intended to become a stimulus to American exports and to attract foreign coin turned into a competitive currency devaluation among the colonies themselves and the setting up of foreign exchange controls against each other.

3) Adding paper money. This, too, was done in two ways:

a) issue of government paper money. A sound idea but too much under the influence of fiscal needs and finally disallowed by the Crown as an infringement upon the royal privilege of coining.

b) issue of bank money. Unfortunately, this was done following the example of the English Land Bank. This early competitor of the Bank of England had the idea to back its note issues by land mortgages, *i.e.* short term liabilities against long term assets. In addition, it did not keep a specie reserve. The Land Bank broke down in the bubble of 1720. The same fate awaited the American land banks. Parliament extended the Bubble Act of 1720 to the colonies and put an end to this experiment of increasing M.

One more way was used to increase M. This was by adding to it a money substitute in the form of promissory notes which were passed on from hand to hand, a sort of domestic bill of exchange usually gathering a long list of endorsements. England did not oppose this practive, nor did it object to barter or commodity money. All other methods, however, after some initial success were either disallowed or defeated themselves.

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Mechanical v. Biological Brains

PROGRESS IN THE PRODUCTION of electronic brains threatens to develop a mechanism which will far excel man's biological one in important respects. During the past two years Prof. F. C. Williams of Manchester University, England, has perfected a machine to meet the requirements of university mathematicians which is able to retain for long periods electrical charges representing numbers. In short, it has a memory which lasts until these charges are cleared. It can recall how far it has progressed in a calculation so as to supply the next step; it can choose between two alternatives at a great number of points in an extensive chain of calculations.

Its valves, like nerve cells, not only store messages received, but can be inhibited in action, arranged to transmit messages in response to impulses from one or several other valves, or prevented from transmitting if the impulses fail to arrive. Its speed is several thousand times faster than that of the human brain. In a half hour it can solve a complex problem that would occupy an expert mathematician for several months. In June, 1949, it completed after a few weeks a problem started in the seventeenth century and still lying around unsolved!

The machine's memory *may* rely on the same mechanism as that of man. But extensive damage can occur to the human brain without loss of memory, while partial destruction of the machine is accompanied by a comparable memory loss. Of course the machine answers only set problems, cannot create its own, and will attempt the insoluble until stopped by the operator. It lacks opinions, emotions, and creative thought. Actually the living nerve cell and nervous impulses have no counterpart and are exactly like nothing but themselves. Nature's product still retains a uniqueness that mechanism cannot approximate.

T. SWANN HARDING

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Consumer Co-operatives in Russia

MORE THAN FIFTY-ONE YEARS ago the All-Russian Consumers Association was established. Working against great odds, it made headway, converting people to the idea that they could create and own their own channels of trade. When the Bolsheviks came in, they seized control of the consumers' co-operative movement. The consumers' co-operatives were no longer the people's instruments for the amelioration of their lot. They became the instruments of the State, which is to say the bureaucracy and the supporting classes comprising the State.

Their rôle changed. Here is what *Pravda,* organ of the Soviet Communist party, had to say about their new rôle:

"The Soviet consumer co-operatives played a tremendous rôle in the struggle with capitalist elements and in the ejection of private capital from the goods distribution field. The entire goods distribution is now in the hands of the State, the consumer co-operatives and the collective farms [and the black market.—W.L.] . . . Following the complete victory of the collective farm system, the Consumer Co-operatives Association is called upon to facilitate the further organizational-economic strengthening of the collective farms, the raising of the cultural standards of the collective farm masses, and the improvement of the material conditions of the toilers.

"The consumer co-operatives are an important channel of goods exchange between the city and the village. To accelerate the flow of goods from the city to the village, to know well the demands of the collective farm consumer, and to establish a smoothly functioning Soviet trade system in the village—such are the demands of the people, such are the demands the Bolshevik Party makes of the consumer co-operatives. While doing the utmost to improve trade in the village, the Soviet consumer co-operatives must at the same time expand as much as possible the sale of agricultural products in the cities and workers' settlements."

What began as a voluntary movement operated by and for the people has developed into a coerced movement controlled by and for the State. Politically neutral consumers co-operatives are an important avenue of reform; but this means, in and of itself, is not sufficient for the extension and maintenance of democratic liberties in the face of the onslaught of the totalitarian enemy.

W.L.

George L. Record's Struggle for Economic Democracy

By Ransom E. Noble Jr.

The contributions of George L. Record to the long struggle for political and economic democracy in America have attained a measure of recognition. This tireless opponent of privilege was the brains of the Progressive Movement in the New Jersey Republican party in the years immediately preceding the First World War. Mark Fagan, reform mayor of Jersey City, and Everett Colby, who won a national reputation as a liberal leader, both owed much to Record's political generalship. He was influential with Progressives in all party camps: he helped Democratic Governor Woodrow Wilson achieve the remarkable legislative successes which stamped him as an outstanding presidential possibility, and he was one of New Jersey's leaders in Theodore Roosevelt's Bull Moose campaign of 1912. Record was a pioneer in the reform of our election laws, and as candidate for office, newspaper columnist, and attorney for municipal governments he became one of the country's outstanding foes of corporate privilege. He worked out a coherent program for economic and social betterment, and to the end of a long life continued to press his ideas upon all who would hear.

James Kerney's "Political Education of Woodrow Wilson," published in 1926, did much to call deserved attention to Record's influence. Lincoln Steffens was so impressed with the "Record of George L. Record" that he urged upon Kerney the need of a book, "a big book"—composed perhaps of Record's own writings—to tell the story of "one of the most courageous, continuous, and unselfish leaders that democracy has ever had. And I mean 'ever' in all history."[1] Unfortunately the work was never undertaken. The "notion of being written up" did not appeal to Record, who could not see how it would help advance the ideas in which he believed.[2] At his death in 1933 he left the manuscript of a book[3] and a collection of letters and papers dating from the last five years of his life; apparently his earlier papers, which would be invaluable to the history of his times, have been wholly lost.[4] There is a danger, therefore, that his

[1] Steffens to Kerney, quoted in Kerney to Record, July 14, 1931. *Record Papers.*

[2] Record to Kerney, July 23, 1931. *Ibid.*

[3] Published in 1936 by the George L. Record Memorial Association (Jersey City) under the title "How to Abolish Poverty."

[4] A diligent search, made in the course of preparing "New Jersey Progressivism Before Wilson" (Princeton, 1946), failed to reveal them. The later papers were lent by the late James G. Blauvelt, close friend and political associate of Record.

story will never be told for its own sake, but, as Lincoln Steffens feared, will "be left scattered and buried here and there in other men's lives."[5] It is to help avert that danger that this article is written.

George Lawrence Record was born in Auburn, Maine, March 13, 1859. He knew poverty at first hand, and from the age of about fifteen worked in a shoe factory, and as a laborer, carpenter's helper, waiter, and school teacher in order to make a living, help out his parents, and finance his way through Bates College. Coming to the metropolitan area, he held various positions in New York, studied law, was admitted to the bar in 1887, and started practice in Jersey City. Meanwhile, as a Democrat, he had entered politics and was fighting the firmly entrenched Hudson County party machine. Owing to disapproval of Bryan's silver policy and disgust with local New Jersey Democracy, he cut loose and cast his lot with the Republicans.[6] From the Eighteen Nineties on, Record's hand can be seen in every major move of the progressive nature in the state.

Like many contemporary champions of reform,[7] Record was a Henry George man, who saw the struggle for democracy as a fight against privilege. He once declared with pardonable exaggeration that "nearly every man who has become prominent in fighting privilege in the United States has been inspired thereto by the writings of Henry George."[8] Convinced of the essential soundness of the competitive capitalistic system, he attributed the ills of society to monopoly—monopoly of land and natural resources, of transportation and other public utilities, of credit facilities and of patents, and monopoly entrenched behind the protective tariff. "Progress," he wrote, "is nothing but a contest between human rights on the one hand, and privilege on the other."[9] Late in life, Record recalled how, back in the Eighteen Eighties, he first became acquainted with George's work:

> . . . Gilbert Collins, when Mayor of Jersey City, appointed among others as members of the Board of Education, John Walker, then managing the Dixon Crucible Works under the E. F. C. Young receivership, and myself.

[5] Quoted in Kerney to Record, July 14, 1931. *Op. cit.*

[6] R. E. Noble, Jr., "New Jersey Progressivism Before Wilson," p. 15; "Scannell's New Jersey's First Citizens," vol. 2, Paterson, N. J., 1919–20, p. 606; "Nelson's Biographical Cyclopedia of New Jersey," New York, 1913, vol. 2; Amos Pinchot in Trenton *Sunday Times-Advertiser*, Sept. 17, 1922.

[7] *E.g.*, Tom Johnson, Frederic C. Howe, Brand Whitlock, W. S. U'Ren.

[8] *Jersey Journal*, Apr. 13, 1911.

[9] *Ibid.*, Apr. 5, 1910.

Meeting the Mayor and Mr. Walker on the street one day we stopped to chat. Walker had a book under his arm, which I took and read the title of. It was "Progress and Poverty," by Henry George. I had never heard of it. I asked Walker if it was worth reading and he said "no, it was a mess of nonsensical rubbish." As I handed the book back to him Mayor Collins said "George, you ought to read that book, it is one of the greatest books that was ever written, and there is no answer to the philosophy which it sets up" whereupon I retrieved the book from Walker and read it. . . . I have never heard or read any reasonable answer to it.[10]

Record remained a devoted, but not a slavish, follower of Georgist principles throughout his life. He constantly tried to adapt these principles to current economic and political realities, and to devise a plan which would destroy monopoly in all its forms.[11] As he eventually worked it out, his program provided that the community ultimately take annually in taxation the rental value of all land; that the government condemn a portion of the resources of the steel, oil, and coal trusts, held out of use to prevent competition, and lease it to competitors on a royalty basis; that the trusts' shipping privileges be destroyed by public ownership of transportation facilities; that patents be opened to use by anyone on payment of a fixed royalty; and that excessive fortunes be limited by inheritance and income taxes.[12] His life-long interest in more democratic political machinery stemmed from a belief that fundamental reforms could not be instituted until the people controlled their government.[13]

Record's greatest contributions were undoubtedly made during the Progressive Era in his own state of New Jersey. The New Jersey events are an integral part of that nation-wide Progressive Movement which dominated American politics in the decade and a half prior to World War I and which produced national leaders like Theodore Roosevelt, Robert LaFollette, and Woodrow Wilson and state and local champions such as Hiram Johnson, Tom Johnson, "Golden Rule" Jones, and W. S. U'Ren. Record's home state offered seemingly insuperable obstacles to the Progressive attempt to democratize the government and use its powers

[10] Record to John Drewen, Nov. 10, 1931. *Record Papers.* Record was a member of the Board of Education in 1885–87.

[11] For an analysis of Record's applications of Henry George ideas to the problems of the Progressive Era, see R. E. Noble, Jr., "Henry George and the Progressive Movement," Am. Jour. Econ. Socio., April, 1949, p. 259*ff.*

[12] See his "How to Abolish Poverty."

[13] Record had not formulated this program in its entirety in his early years in politics; for example, he originally advocated regulation rather than public ownership of utilities. By 1912, however, he had written "The True Social Remedy," published in pamphlet form by the Joseph Fels Fund, which contains the main points of his later proposals. R. E. Noble, Jr., "New Jersey Progressivism Before Wilson," p. 16 and *n.*

for social and economic betterment. Lying between the cities of New York and Philadelphia, New Jersey was a convenient place of operation for metropolitan financial and industrial magnates who found too restrictive the laws of their own states; its political machines were in corrupt alliance with railroad, utility, and other corporate interests, and its laws reflected its politics in their tender regard for the welfare of privileged business. Yet a reform movement did get under way.

In 1901 there was elected as Mayor of Jersey City on the regular Republican ticket a young Irish-American undertaker's assistant named Mark Fagan, who had shown remarkable vote-getting abilities in contests for lesser offices. Like George Record, Fagan had known bitter poverty, and his duties as an undertaker in Jersey City's working class districts took him constantly into the homes of the poor. And like Record, Fagan believed he had a remedy: back in the Eighteen Eighties, while a resident of New York City, he had become a Henry George man and had been for a time a member of Father Edward McGlynn's Anti-Poverty League. Although as Mayor of Jersey City he did not advocate the Henry George program as such, he was, of course, sympathetic to measures leading in that direction. He immediately appointed George L. Record as his corporation counsel.[14]

Record's drive and ability made him master of the Fagan administration, and with the Mayor's wholehearted approval he set and kept it on a progressive tack for six turbulent years.[15] Attempts to protect the city's interests in franchise grants, and to insure adequate utility services to the consumer led to repeated clashes with the newly-organized and powerful Public Service Corporation of New Jersey. The growing radicalism of the Record-Fagan program, which finally included demands for the municipal ownership of utilities, caused inevitable conflict with the machine wing of the Republican party. A search for funds for civic improvements stimulated a revision of the tax lists which remedied gross undervaluation of corporation property. But the greatest tax privileges—those of railroads and utilities—were imbedded in state law,[16] and Record and

[14] The account of Record's contributions to the New Jersey Progressive Movement on this and succeeding pages is taken, unless otherwise indicated, from R. E. Noble, Jr., "New Jersey Progressivism Before Wilson."

[15] From 1902 through 1907. Fagan was re-elected in 1903 and 1905, the latter time against the opposition of the machine in his own party.

[16] Whereas average local tax rates were about $22 on the $1,000, railroads paid at special rates. On their main stem real estate, personalty, and franchises they paid only $5 on the $1,000, and that to the state, not the municipalities. Other railroad property used definitely for railroad purposes paid taxes to the municipalities, but at a rate not to exceed $15 on the $1,000. The law was especially hard on terminal cities like Jersey

Fagan were soon heading a state-wide drive to force action by the legislature. Meanwhile, in neighboring Essex County, which includes Newark and its populous suburbs, a movement was growing to break the grip of utility corporations upon municipal government, and, as a first step, to require by law that utility franchises be granted on a limited rather than a perpetual basis.[17] The Essex movement attracted to its ranks Everett Colby, a rich young man who entered politics for a thrill and remained to become for a time a leader of Republican Progressivism. When the hitherto invincible party machine, alarmed by his independent leanings, denied him a renomination to the legislature in 1905, it was Record who showed him how to take advantage of a little-noticed clause in the primary election law[18] and defeat the organization. Colby was triumphantly nominated and elected to the State Senate, an anti-machine victory so startling that it gave him a national reputation in progressive circles.

Despite later setbacks, despite the defeat of Fagan for a fourth term in 1907 and the retirement of Colby from the State Senate in the elections of the following year, the New Jersey Progressive forces made steady gains in the period prior to Woodrow Wilson's governorship. The reform spirit gradually permeated both major parties, and although the old guard retained a precarious control, it was forced to make one concession after another as the price of continued supremacy. Laws were passed destroying the vast tax privileges of the railroads, requiring that utility franchises be granted for a limited period only, increasing the franchise tax, and establishing a public utility commission (albeit a weak one). Child labor was greatly restricted, slight improvements were made in the employers' liability laws, and definite steps taken toward democratizing the state's primary and election laws.

George Record's part in these developments was a varied and commanding one. As Jersey City corporation counsel he directed the political and economic strategy of the Fagan administration from 1901 to 1907. As unofficial advisor to Everett Colby, he not only helped elect him to the State Senate in 1905 but counselled with him on political issues until relations between the two men cooled in 1907. Record was in the forefront of the battle for removal of railroad and utility tax privileges: he drafted

City, which found much of its most valuable property paying either no local taxes at all (main stem) or only $15 per $1,000. Utility franchises were taxed at 2 per cent on the gross receipts.

[17] New Jersey municipal governments customarily granted utility franchises in perpetuity, thus apparently signing away for all time rights which would become more and more valuable as the years passed.

[18] See below.

bills, saw that they were introduced in the state legislature, organized public opinion in their behalf, and lobbied for them in person. He ran for office himself, partly in the hope of victory and partly to help educate the public in progressive principles. And in 1910 he turned newspaper columnist and urged his views upon the readers of the *Jersey Journal* in daily articles on the political issues of the day.

Record's work with organized labor is of particular interest. Unlike so many Progressives who were incurably middle-class in outlook, Record showed a sympathetic comprehension of the problems of labor and an eagerness to secure working class participation in government. He tried to arouse the unions to the opportunities offered by the direct primary, he told them that "the toiler, who has the votes, should have the government in hand,"[19] and he generally took labor's part on controversial issues.[20] In keeping with his Henry George views, he believed that in a society free from the curse of monopoly, unionization would no longer be needed, but "under existing industrial conditions, it is absolutely essential to the maintenance of decent conditions among workingmen."[21]

The field of primary and election reform Record made peculiarly his own. While still a Democrat fighting boss control in Hudson County, he became interested in the direct primary, and even persuaded the Governor of New Jersey[22] to recommend it in his 1893 inaugural address. Whether Record's direct primary bill was, as he believed, the first ever framed in America, it is certain that it was introduced in the New Jersey legislature in 1894, eight years before the country's first state-wide primary law went on the books[23] and nine years before the passage of Wisconsin's famous statute. But the New Jersey lawmakers would have none of it, and Record had to be content to bide his time. His second chance came in 1902 when he was appointed one of a three-man commission to

[19] *Newark News*, Apr. 17, 1908; *Jersey Journal*, Apr. 18, 1908; Noble, *op. cit.*, p. 122.

[20] For example, he defended the union practice of fixing as the standard day's work the amount that could be performed by the average worker. Some criterion is necessary if agreements between employer and union are to be reached, and the mass of workers would receive very low pay if the output of the exceptional workman were made the standard. Record also upheld the use of the labor boycott in his comments on the Bucks Stove Co. case, and was vehement in his denunciation of professional strikebreakers, those "industrial Hessians, serving under any flag as long as they get their pay." The antilabor attitude of the courts drew his condemnation as in his attack on the labor injunction, on the Supreme Court decision in the Lochner case, and on the New York Court of Appeals' invalidation of the workmen's compensation law. *Jersey Journal*, June 20, Aug. 4, Sept. 3, Nov. 1, Nov. 3, 1910, Apr. 17, 1911.

[21] *Jersey Journal*, Nov. 4, 1910.

[22] George T. Werts.

[23] In Mississippi, 1902.

draft a primary election law, which was passed the following year. Although his fellow-commissioners would not agree to a thorough-going direct primary, Record finally induced them to accept "the thin edge of the wedge for the direct vote" in two respects: the direct nomination of candidates for ward and township officers, and a provision that candidates for convention delegate could have printed, on the official ballot, after their names, the name of the candidate for office whom they would support in convention. It was this latter provision that enabled Colby to beat the Essex County Republican machine and win the nomination for State Senator in 1905. Furthermore, the 1903 statute carefully regulated the election of delegates to state and local nominating conventions, and was the fundamental reform upon which all subsequent legislation was based.

In the years that followed, the direct features of the 1903 act were somewhat extended, but it was not until 1911, the dramatic first year of Woodrow Wilson's governorship, that a complete, state-wide direct primary law was adopted. Here again Record played the leading rôle: he drafted the bill, defended it in legislative hearings, and when it seemed on the point of defeat at the hands of a Democratic-Republican machine coalition, he found the necessary votes to put it across. He was also the principal architect of the corrupt practices act which passed at the same session,[24] and in later years was ever quick to defend the direct primary system against its attackers.

Record's pioneer work on the direct primary and his constant support of other measures to regulate and democratize our political machinery were animated by no mere devotion to "good government" for its own sake. He always looked upon political devices as means to an end: the enactment of fundamental economic reforms along Henry George lines. This basic economic orientation saved Record from that air of unreality which characterized some of his reform contemporaries, who saw change in political machinery as an end in itself, and who had no underlying economic program to meet the needs of the times.

Woodrow Wilson's governorship (1911–13) marked the culmination of the New Jersey Progressive Movement. The fact that Wilson was elected at all was due in no small part to the uphill work of George Record and his fellow Progressives. New Jersey had been a consistently Repub-

[24] For Record's work in shaping the Wilson election reform program, see James Kerney, "The Political Education of Woodrow Wilson," New York, c. 1926, pp. 100–11; A. S. Link, "Wilson, the Road to the White House," Princeton, 1947, pp. 246, 256, 257, 260.

lican state since the Eighteen Nineties, but by 1910 the electorate had been pretty thoroughly educated in Progressive principles, and was growing increasingly dissatisfied with conservative Republican leadership. The Democratic machine, under the domination of James Smith Jr., saw a chance to cash in on the reform sentiment by nominating for Governor an outstanding and eminently respectable figure. Woodrow Wilson, President of Princeton University and a man without previous political experience, seemed ideally suited to their purpose: he would be an easily-managed respectability-front for the Democratic old guard.[25] That these plans went sadly awry is well known. Wilson's conversion to a fighting Progressive was due in part to his own innate political sense which told him that the independent voters held the key to the election, in part to the persuasion of able advisors like James Kerney and Joseph P. Tumulty, and in part to the redoubtable George Record. It was Record's offer to debate Wilson on the issues of the campaign, and the exchange of letters that ensued, that put Wilson squarely in the liberal camp and ensured him a spectacular victory over the Republicans.[26]

Once elected, Wilson demonstrated that his Progressive speeches had been no mere campaign oratory. At the insistence of Tumulty, Record,[27] and other liberal advisors, he broke openly with boss James Smith Jr. and blocked the latter's election to the United States Senate. He called a conference of political leaders at the Hotel Martinique in New York to map out a legislative program; the result was a series of laws enacting most of the reforms for which Progressive forces had been battling during the preceding decade. They included the direct primary, a corrupt practices act, a strong utility regulation law, and an effective employers' liability act; these, together with a statute enabling municipalities to adopt the commission form of government, and an ill-advised attempt to reform New Jersey's corporation laws, made up the Wilson program. Record's rôle in these developments was a most important one. He was the "intellectual sparkplug" of the Martinique conference,[28] he personally drafted the direct primary and corrupt practices acts, and he gave the

[25] Smith and his associates also hoped to build Wilson up as a conservative Democratic candidate for President.

[26] Record asked Wilson a series of searching questions as to his attitude on boss control, utility regulation, election reform, and other issues of the day. Wilson's reply, which took a decidedly Progressive stand on every question, cut the ground from under the Republicans and took almost the entire Progressive vote into camp. Record, incidentally, was Republican candidate for Congress in the ninth Congressional district in this campaign. See Kerney, *op. cit.*, pp. 68–76; Link, *op. cit.*, pp. 189–96.

[27] Kerney, *op. cit.*, p. 93.

[28] Link, *op. cit.*, pp. 239–40.

Wilson legislation unremitting support both at legislative hearings and in his newspaper columns. The one feature of which he disapproved was the 1913 revision of the corporation laws: the Wilson antitrust acts, he later explained, were based on "a false economic idea that trusts can be created by corporation laws which are open to use by everybody," rather than by control of natural resources, patents, or illegal privileges like transportation rebates.[29]

Wilson's accomplishments as Governor not only marked the culmination of the Progressive Movement in New Jersey, but also made him the logical choice for the Democratic presidential nomination in a progressive year. It is obvious that these accomplishments could never have been achieved but for the long educative process which Republican Progressives like Record, Fagan, and Colby, and Democratic liberals like Kerney and Tumulty had been carrying on. Despite Record's signal services, he was never adequately recognized, in a political sense, by Wilson. While Governor, Wilson failed to appoint Record to the new public utility commission, a position for which he was eminently qualified, although he did, after much hesitation, make him a member of the State Board of Assessors.[30] In 1915, while President, Wilson let it be known that Record was being considered for appointment to the newly-organized Federal Trade Commission, but suddenly dropped the idea for fear of conservative opposition.[31] Wilson apparently felt obligated to Record and was genuinely interested in his political and economic ideas,[32] but was unwilling to risk a fight on his behalf.

Record's connection with the Wilson legislation in New Jersey was not limited to his part in the formulation and enactment of the Governor's program. His work as corporation counsel to the Fagan administration had long since won him a reputation as a skilled municipal attorney, especially in tax and utility cases, so it is not surprising that he was repeatedly called upon to represent various New Jersey cities before the new public utility commission and in appeals to the courts. According to Record's own testimony, a large part of his legal practice for fifteen years following the passage of Wilson's utility commission law in 1911

[29] Record to John Bauer, Jan. 2, 1932, *Record Papers.*

[30] Kerney, *op. cit.*, pp. 115–16.

[31] *Ibid.*, pp. 333*ff.*

[32] Wilson accepted very frank criticism in the famous letter Record sent to him in Paris in March of 1919 urging the President to turn his attention from political to economic democracy. Wilson was impressed by Record's views on land and utilities; he discussed seriously with Tumulty the possibility that Record might have the right solution for our economic problems. Kerney, *op. cit.*, p. 437*ff.*

was taken up by such cases.[33] It was a disillusioning experience. Although he won some notable victories, especially the Passaic gas case, he became convinced that regulation was an utter failure, that it entailed vast legal expenses upon municipal governments and utility consumers, and in the end failed to reduce rates effectively.[34] It was in part this experience that confirmed Record in his belief that public ownership of utilities was the only adequate remedy for that form of monopoly.

Record's aid to Democratic Governor Wilson, although he was himself a member of the Republican party, is typical of his willingness to work with anyone who would further the ideas in which he believed. Within his own party he did all in his power to strengthen the Progressive wing; he was one of the leaders in the primary fight that carried New Jersey for Theodore Roosevelt in 1912, he was on intimate terms with some of Roosevelt's inner circle, and helped frame their program.[35] When Roosevelt broke with the Republicans, Record's liberal sympathies led him naturally into the Bull Moose camp. His influence with the new Progressive party was considerable: he was a member of the general committee of the Progressive Service, the educational arm of the party, and chairman of its section on Popular Government.[36] After Roosevelt's defeat in the 1912 elections, Record tried in vain to convince him that a platform of genuine economic reform[37] would enable him to win the Republican nomination in 1916. With the collapse of the Progressive party, Record returned to the Republicans.

In view of Record's legal acumen, courage, oratorical powers,[38] and sense of political strategy, it may seem surprising that he never succeeded in numerous attempts to win elective office. During the Progressive Era in New Jersey he ran for State Senator in 1901, for United States Senator in 1906, for Republican State Assembly nomination in 1909, for Congress

[33] Manuscript of a radio address by Record, "What is the Next Step in Public Utility Regulation in New Jersey?" Jan. 26, 1933. *Record Papers.*

[34] *Ibid.* The Passaic gas case is reported in 84 *New Jersey Law Reports* 463 and 87 *N. J. L.* 581, 597.

[35] Kerney, *op. cit.*, p. 220.

[36] S. J. Duncan-Clark, "The Progressive Movement," Boston, c. 1913, pp. 310–11. The Progressive Service also had departments concerned with social and industrial justice, conservation, and cost of living and corporation control, and educational and legislative reference committees.

[37] Including government ownership of railroads, the land tax, and measures to prevent the trusts from holding natural resources out of use to foster monopoly. Kerney, *op. cit.*, pp. 335–37.

[38] Amos Pinchot called Record's speeches "the ablest, most brilliantly argued political addresses I have listened to." Introduction to G. L. Record, "How to Abolish Poverty," Jersey City, c. 1936, p. 17.

in 1910, and for the Republican gubernatorial nomination in 1916. But capable as he was of inspiring loyalty and devotion on the part of immediate followers, he could not arouse enthusiasm among the people as a whole. Often so wrapped in thought that he would walk by an acquaintance on the street without recognizing him, and lacking the flair for hand-shaking, back-slapping campaigning, he was without the qualities to make himself personally attractive to the average voter. When friends remonstrated with him on this score he would reply, "I don't give a damn about being personally popular. It's these ideas that are important."[39] Furthermore, Record's economic radicalism, his advocacy of fundamental reforms designed utterly to destroy privilege, not only repelled conservatives but alienated many Progressives who felt that he was going "too far." His willingness to play practical politics, his belief that the end might justify the means, and his ready change of course on minor issues if such action would help further major reforms, disturbed some of his associates,[40] while certain aspects of his work as a lawyer furnished added ammunition for his detractors.[41] Record was a fascinating compound of the idealist and the "practical" man. Utterly sincere in his devotion to the economic reform program in which he believed and ready to make real sacrifices on its behalf, he was at the same time willing on occasion to use questionable political methods[42] and to accept personal employment of a somewhat dubious nature.[43] Yet there is absolutely no evidence that these considerations ever swerved him from his efforts to bring about basic economic reform.

[39] See Noble, "New Jersey Progressivism Before Wilson," pp. 17–18.

[40] Colby's attitude toward Record, for example, was influenced by such considerations. Noble, *op. cit.*, p. 87.

[41] When Record was running for United States Senator in 1906, a politically-inspired investigation of his work as counsel to the New Jersey Riparian Board (1893–1904) revealed that he had looked upon his position as a sinecure, had often failed to devote serious attention to the duties of the office, and had obliged applicants for riparian grants to pay him fees which he split with the secretary of the board. See Noble, *op. cit.*, pp. 74–75. The official material appears in "Testimony Taken Before the Committee . . . to Investigate the Granting of Riparian Lands . . .," 2 vols., Paterson, N. J., 1906–07; "Report of the Committee . . . to Investigate, etc.," Trenton, N. J., 1907.

[42] An unfortunate example was the attack which Fagan and Record made upon the private life of Hudson County Republican Boss Samuel Dickinson in 1907, a mistake Record never repeated. Noble, *op. cit.*, p. 96 *n.*

[43] Frank Sommer, Dean Emeritus of New York University Law School, who knew Record well, declares that after Frank Hague came into power, Record, although publicly an opponent of the Hudson County boss, received an annual fee from the Hague administration for writing advertisements for the City. Sommer got this information from Record himself. Yet, says Sommer, if it came to a real fight with Hague, Record would not have let this employment stop him from getting into it; in other words, he could accept money (in the form of a job) without being bought by it. Interview with Mr. Sommer, July 10, 1941.

It is doubtful that Record was very much worried by his failure to win elective office for himself; he looked upon his campaigns as largely educational in nature. This was especially true in the post-Progressive era. The years immediately following World War I were years of conservative reaction, hardly favorable to economic or political radicalism. Yet Record refused to give up the fight. Through private letters, public speeches, syndicated articles, and personal interviews he continued to urge his remedy for the evils of monopoly.[44] In the waning years of the Wilson administration he tried once more to induce the President to turn his attention to the basic economic questions, and early in 1933, not long before his own death, he was in Albany placing his ideas before President-elect Franklin D. Roosevelt.[45] He also made three personal campaigns: for the Republican United States Senatorial nomination in 1918 and 1922, and as an independent Senatorial candidate with the backing of the La-Follette Progressive party in 1924. He stumped the state, treating the New Jersey electorate to lively meetings in his travelling campaign tent, and vigorously attacking the evils of transportation and industrial monopolies. Although easily defeated by the conservatives, he at least kept the battle from going by default.[46]

Record himself sometimes wondered why he kept up the ceaseless struggle. In December of 1932, just ten months before his death, he wrote his old friend James Kerney:

> . . . I sometimes try to fathom the motive which compels me to make these foolish attempts which I have been doing for thirty years.
>
> I have come to the conclusion which I hope is true, that my motive is illustrated by an interesting character that I remember in one of William D. Howell's New England stories. The character in question was a New England woman, whose husband was what we call down east a no account or a worthless shoat, and what they call in the south, ornery. He would not work and she had to take boarders and support the family. As a natural consequence she grew to hate her husband with a fiendish intensity which grew with the years. Finally she was paralyzed and had to sit in a chair and could not speak or move any of her limbs, and it was uncertain whether she had her senses or not. One day this doubt was dispelled by

[44] The *Record Papers* contained numerous letters setting forth his ideas, manuscripts of articles written for the Twenty-First Century Press syndicate, and manuscripts of radio and other addresses.

[45] For his efforts to persuade Wilson, see Kerney, *op. cit.*, pp. 437*ff*. On his relations with F. D. Roosevelt, see Amos Pinchot's introduction to Record's "How to Abolish Poverty," pp. 18–19.

[46] These campaigns can be traced in brief articles in *The New York Times*, Mar. 9, July 19, Sept. 24, 25, 1918; Mar. 14, May 4, May 14, July 30, Aug. 4, Aug. 29, Sept. 24, 27, 28, 1922; July 15, Aug. 12, Aug. 16, Sept. 21, Sept. 29, Oct. 9, Oct. 28, Nov. 6, 1924.

an incident that occurred. After she was paralyzed her worthless husband stricken with remorse and pity hung around her in an impudent and foolish way, trying to express to her his sympathy and affection. One day under these impulses he ventured to kiss her, whereupon with a convulsive jerk of her head she bit him. That left no doubt as to how she felt.

I am getting old in reality, and figuratively speaking paralyzed so far as any power is concerned, but I think until the end if any of these privileged interests which I have fought all my life come within reach so that I can bite them I will try to do so, at least I hope so.[47]

When Record died in September of 1933 at the age of seventy-four, numerous tributes were paid to his notable services to American political life. Perhaps Oswald Garrison Villard summed it up as well as any: "I can recall none," he wrote, "more diligent, more tireless, more unceasingly laborious in behalf of the extension and improvement of our democracy than George L. Record."[48] As the present essay indicates, the story of twentieth-century democracy in America, particularly as expressed through the Progressive Movement, cannot be written without assigning to George Lawrence Record a highly important part.

Pratt Institute

[47] Record to Kerney, Dec. 21, 1932. *Record Papers.*
[48] *The Nation,* Oct. 11, 1933.

Science and Humanity

By CLARA W. MAYER

"SCIENCE," to quote L. C. Dunn, "is more than the provider of new goods and processes. Its aim is also to understand the material world; to discover the order and the laws by which actual events occur whether they concern atoms, universe or men." This order, this law as scientists have come to find it out in detail, is soul stirring.

To live and move and have our being in a culture largely made up of technical and scientific services without ever stopping to try to understand the far flung concepts of the human spirit on which they are based, the daily, the hourly painstaking investigation, the cumulative, cooperative effort of the generations, has much the same effect as trying to

launch a child in our complicated social world without ever sending him to school or teaching him anything of the customs that have grown up around him, what is expected of him by his family and his playmates, how he will ultimately fit into his community.

Why do we sympathize with the study of the emotional needs of the factory hand at work on a moving belt? Because we know that unless somehow we compensate for this very fragmentary, artificial existence we will have a deformed and socially inadequate human being. But this is what we are doing to ourselves when we shut ourselves off from at least half of our world.

Because we have ignored or been deprived of the of the knowledge of how we are integrated with nature and the material universe, we have no easy comparison with our neighbors and are unaware that the problem exists.

A few people, including the scientists, discovered it when it became dramatized in the atomic bomb. They banded together, some of the most distinguished of them, as the Emergency Committee of Atomic Scientists. They felt a terrible sense of responsibility for having collaborated in something so deadly, the effects of which they could hardly foresee. They tried for more than a year, to the considerable detriment of their own scientific work, to tell us that the relation of science to humanity was an issue that brooked no delay, and that it could not be solved by scientists alone.

After this period of intensive effort they discontinued their work recognizing that they could not as a matter of emergency, not even of the gravest emergency, repair in weeks or in months the neglect and the ignorance of decades. When failure is general, as in our time it seems to be in so many areas, we lose the sense of individual responsibility. By some obscure process of reasoning we derive self-justification from looking around and seeing that others are making no better job of their lives.

If this sounds like an exhortation, it is a very modern kind of exhortation: it is asking that we accept our responsibility not because it is morally good for us to bear a burden, but because we will have a richer, more rewarding life and thereby help to provide it for those that come after.

BRYN J. HOVDE

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Democracy in Scandinavian Life

By Bryn J. Hovde

In the chaos of contemporary Europe, the Scandinavian countries are reported by every visitor to be the bright and hopeful spots. There black markets have been eliminated, the food situation is good and improving, the necessary reconstruction is proceeding apace, and political institutions are stable. So far as they can control their own circumstances, they have demonstrated the same genius for democracy that prior to the war made their regimes objects of envy and models to many Americans. Where they are not yet back to normal, it seems due to circumstances beyond their own control: insufficient coal because they have none themselves and others have little to sell; not enough ships because their losses in the war were very heavy and new ones have not yet been delivered or produced for lack of coal; and most especially lack of dollar exchange because their normal foreign customers are not themselves back in production and trade.

Some of the qualities of human character we Americans admire most we seem to find outstandingly in the Scandinavian peoples. Their enterprise, enabling them to build up and maintain successful economies on niggardly soil and in relatively harsh climates. Their capacity for organized co-operation without sacrifice of intense individualism. Their deep sense of honor and justice and their stout respect for the individual personality. Their high regard for the duties, as well as the rights of labor. Their capacity for combining the advance of science with the common good. Their respect for law as an instrument of order and their readiness always to reconsider and reshape the law lest it becomes the bastion of special privilege. The self-reliant pragmatism they practice without ever crossing the line into anarchy. These are some of the reasons why we Americans admire the Scandinavians, and even envy them. As individuals, Scandinavians are subject to all human frailties. They are often narrow-minded, selfish, stubborn and suspicious. But collectively they are proud to the point of tolerance and independent to the point of fearless co-operation.

The explanation does not lie in their possession of any mysterious virtue or racial superiority. Transplant the individual Scandinavian to any other country, our own as well, and he quickly takes on the cultural coloration of that country. In Texas he probably becomes a firm believer in white supremacy. In the Middle West he is quite as likely to oppose or ignore consumers' co-operation as he is to join. In New York he is more likely

to be a political conservative than a liberal—and almost never a socialist. The explanation of the behavior of the Scandinavians at home is both more reasonable and complex.

The Scandinavian countries have an age-long tradition of local democracy extending back into history far beyond modern constitutionalism and the preceding royal absolutism into the medieval and even the Viking periods. The central governments were never very effective in the villages and isolated rural communities until modern means of communication were created. Wealth was always rather well distributed and the democratic tradition has preserved that distribution. The paucity of natural resources and the pressure of population increase have prevented the rise of any greatly privileged leisure class; modest fortunes are quickly dissipated if their possessors remain idle. Practically everyone must work hard for a living. Hence the Scandinavians are individualists. But adequate capital for larger undertakings can seldom be assembled except by the pooling of many small funds very thriftily accumulated, which goes far to incline them to co-operation. Furthermore, they have little fear of the State and its bureaucracy, since the people control it democratically and almost every family has some member or a trusted friend who serves in the government. Thus the State becomes an instrument of great collective interest, not a malevolent and impersonal power.

Honor, integrity and respect for the individual personality are not inborn, but a way of life achieved and maintained by the interaction of economic and cultural patterns which finally expresses itself in religion, social codes and a sense of law. There is not much in Scandinavia to steal. Furthermore, stealing and corruption bring swift retribution in these tight little local and national communities. Their intimacy provides both scope and protection for the individual so long as he conforms to their tolerant requirements. Scandinavians have over the centuries learned to love the contrasts and varieties of life—in nature, among plants and animals, and among human beings. The oddities of human personality are not only a chief source of humor in folk literature; they are affectionately transferred to objects of nature and to animals. Therefore they are respected.

The Scandinavians at home are unique. They have many lessons to teach mankind. But it would be futile to suppose that these lessons lie in a mere imitation of their institutions. It is our own inner growth and our adjustment to the conditions of our own life that need to be cultivated.

New School for Social Research

The Civic Revival in Ohio

Self-Government

By ROBERT H. BREMNER

> "I have shown how Privilege used local, county, and state officers, city councils, the state legislature and the courts to frustrate our efforts. Is it not strange that witnessing the power of Privilege through the control of these agencies the people do not awake to the fact that with these agencies in their hands *they* would be supreme?"—Tom L. Johnson, *My Story*.

WE HAVE SAID that the Civic Revival was a fight for self-government and we must repeat once again that the interest of the leaders of this movement in the political remedies popular during the Progressive period sprang from their conviction that cities would be unable to adopt privilege-destroying reforms like municipal ownership and the single tax until the people of the cities had obtained a larger degree of actual self-government. We have already noted the emphasis Samuel L. Jones and Brand Whitlock placed upon the principle of non-partisanism as a way of making politics reflect the popular will rather than the interest of parties. Two other measures by which the Civic Revivalists believed that government could be made more honestly representative of the people were the initiative and the referendum and municipal home rule.

The opinion of the leaders of the Civic Revival in regard to the value of political remedies as aids to the solution of civic problems is made plain by contrasting their attitude toward the revision of city charters with their belief in the initiative and referendum and home rule. Unlike many municipal reformers the leaders of this movement were not primarily concerned with the form of city government. They recognized the utility of a model charter but they had learned that privilege was indifferent to forms. They believed that no matter how perfect a paper system of government was devised, tinkering with city charters would do no real good until privilege had been overthrown.[1] The enthusiasm of Tom L. Johnson and Golden Rule Jones, Brand Whitlock and Frederick C. Howe was saved for the kind of political remedies which would fill the forms of

[1] For an illustration of the ability of privilege to circumvent the best of charters, see Lincoln Steffens, "Autobiography" (New York, 1931), p. 409. Frederick C. Howe gives his opinions of the model charter in "The City, the Hope of Democracy" (New York, 1905), pp. 177–86; and Whitlock states his ideals of the best form of municipal government in a letter to Richard S. Douglas, May 11, 1909, Allan Nevins, ed., "Letters and Journal of Brand Whitlock" (New York, 1936), p. 112.

popular government with the substance of it. They knew that direct legislation and home rule solved no problems in themselves but they felt that these reforms left the solution of problems in the hands of those who were most competent to give them an equitable answer. They agreed with Lincoln Steffens that while the common people might be no better and no more intelligent than the "best" people, they were more disinterested. Having fewer possessions to protect and fewer friends to reward they could afford to be fair. Their economic interests did not interfere with their duties of citizenship. "And though each individual in the great crowd lacks some virtues, they all together have what no individual has, a combination of virtues."[2]

According to Herbert S. Bigelow, then, as now, Ohio's foremost advocate of direct legislation, one's attitude toward the initiative and referendum is the test of the Progressive. A Progressive is one who believes in the people's ability to govern themselves. No one who feels like a man quoted by Judge Lindsey can honestly support measures which propose the further democratization of government. "You know the corporations give this state good government. . . . Suppose the corporations have got millions of dollars worth of franchises; they know how to use them and the people don't," said this defender of the rule of "the beast" in Colorado. "Now be honest! You know the people aren't fit to govern themselves. If the corporations of this state didn't do it for them, what kind of a state would we have?"[3]

The Civic Revivalists looked upon the initiative and referendum as powerful weapons for an awakened democracy. By giving the electorate the right to originate legislation, the initiative would make it possible for the people to secure the enactment of measures whose passage a reactionary legislature or council might otherwise prevent. The referendum would give the electorate a veto over acts or ordinances passed by the legislature or council and thus check corruption. Privilege would not corrupt the legislature to obtain laws which the people would overrule. The effect of the initiative and referendum, thought the supporters of direct legislation, would be to remove the influence of privilege from assemblies by enlarging these bodies to include all the people. The initiative and referendum would make it easier for the people to get home rule, municipal ownership, and the single tax. Privilege might be able to corrupt a council or the

[2] Steffens, "Upbuilders" (New York, 1909), p. x. The preface to this book gives a clear exposition of the basis of the Progressive's faith in people.

[3] Ben B. Lindsey and Harvey J. O'H. O'Higgins, "The Beast" (New York, 1910), p. 228.

legislature, but it couldn't corrupt the whole electorate.[4]

Brand Whitlock thought the fight of the cities of Ohio for municipal home rule linked them with the struggle of the medieval cities of Italy, Germany, and England to free themselves from vassalage to royal, noble, or ecclesiastical overlords.[5] Newton D. Baker likened Whitlock and his own defense of their cities' rights against the inroads of state legislation to the American colonists' defense of their charter rights against the impositions of the British Parliament.[6]

The desire of the Civic Revivalists for local home rule was only in part a manifestation of the traditional American distrust of centralized authority. It was not centralized government they distrusted, but the irresponsible government which the rule of privilege brought. They wanted home rule as much because of the actual situation with which they were confronted as because of any theoretical justification of local autonomy. Nearly every attempt they made to better conditions in their cities, practically every step they took to put their program into effect, brought them into conflict with state officials. Until the ratification of the home rule constitutional amendment in 1912 the cities were the creatures of the state legislature. It not only determined their form of government but limited the powers that municipalities could exercise. The legislature fixed their debt limit,[7] prevented them from engaging in municipal ownership of certain industries, and refused them the right to devise their own system of raising revenue. Whitlock explained that the cities' subjection to the legislature meant that they were ultimately ruled by men from rural districts who seldom understood city problems and who were often joined in a conscious or unconscious alliance with the system of the public utility corporations and the political bosses.[8] Three acts passed by the legislature in its 1902 session show the extent of its interference with local affairs: One act took the administration of the Toledo police force from the mayor and put it in the hands of a bi-partisan board appointed by the governor;

[4] For the attitude of the Civic Revivalists toward the initiative and referendum, see Howe, "The City, the Hope of Democracy," p. 171 *et seq.*, and the following article and pamphlets by Herbert S. Bigelow: "From Pulpit to Stump," *The Independent*, vol. LXI, nos. 1036–37 (November 1, 1903); "Initiative and Referendum" and "New Constitution for Ohio. . . ."

[5] "Forty Years of It" (New York, 1914), p. 348.

[6] "Letters and Journal of Brand Whitlock," p. xiv.

[7] William Allen White, in "The Old Order Changeth," *The American Magazine*, vol. LXVII (April, 1909), p. 610, thought the desire to escape debt limitation was one of the most important reasons for the demand for home rule.

[8] Letter to Richard S. Douglas, May 11, 1909, "Letters and Journal of Brand Whitlock," p. 114.

another act removed control of the Cleveland park system from city officials and gave it to a county board; the third practically suspended the cities' right to assess property for taxation by giving the county auditor the right to demand the appointment (by State Board of Tax Revision) of a Board of Tax Review whose assessments were to supersede those of all other local bodies.[9] Howe noted that while cities had long been ruled from the State Capitol, there was a growing tendency for them to be ruled from Washington. This was not because of the extension of the Federal government's regulatory activities but because of the increasing practice (which Howe illustrated in "The Confessions of a Monopolist" of the state boss to send himself to the United States Senate.

The Civic Revivalists had a reason more fundamental than expediency for demanding home rule. They wanted the city free so that it could prove itself the hope of democracy. Conscious of the advance of industrialism and urbanization, they saw the city, after centuries in which world civilization had been predominantly rural (ever since the fall of Rome, said Howe), finally resuming its place as the controlling feature of social life. Henceforth, they believed, the battle for democracy will be fought in the cities, for the city is the microcosm in which is concentrated the problem of achieving democracy in an industrial era.[10]

Few of their contemporaries realized more strongly than the Civic Revivalists the problems with which industrialism confronts democracy, and none were more aware than they of the suffering which life in an industrial city can impose on humanity. But as with Howe, so with other leaders of Civic Revival, faith in people was the magic glass which made them see the promise of the city beckoning through its problems. Never before have the people had such an opportunity as democracy affords for the orderly solution of their problems, Howe asserted. "Never before has society been able to better its own condition so easily through the agency of government."[11]

They thought that the efforts of Cleveland and Toledo to free themselves from privilege were important in the long movement in which the city has been the philosopher's symbol of social harmony.[12] "Was there ever such material for an experiment in democracy as Cleveland offers?" asked

[9] These acts are discussed by Milo Roy Maltbie, "Home Rule in Ohio," *Municipal Affairs*, vol. VI, pp. 234–44 (June 1902).

[10] "Forty Years of It," pp. 157, 184. For Johnson's attitude on this question see the quotation from him in Edward W. Bemis, "The Street Railway Settlement in Cleveland," *The Quarterly Journal of Economics*, vol. XXII (August, 1908), pp. 574–75.

[11] "The City, the Hope of Democracy," p. 301.

[12] See Whitlock's peroration on the city, "Forty Years of It," p. 374.

Howe. "A growing city strategically located in the region where coal and iron ore can be brought together more economically than anywhere else in the world; a ten-mile water front for commerce, a spreading hinterland for homes, and an enlightened population. And how many peoples undertaking such an experiment have had a leader as resourceful as Johnson?"[13] Whitlock wished that all the people could realize Johnson's sincerity and ability as clearly as privilege did.[14] His work, and Jones' work—the work of all the people connected with the Civic Revival—was significant, Whitlock believed, not for Cleveland and Toledo alone, but for all cities. They were building communities that would be working models of democracy.

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[13] This quotation is a condensation of a passage in "Confessions of a Reformer" (New York, 1925), pp. 113–15.

[14] Letter of Johnson, November 19, 1907, "Letters and Journal of Brand Whitlock," p. 84.

A Remote Factor in Productivity

INVESTIGATIONS CARRIED ON at Yale a while ago indicated that the human organism functions more efficiently on four light than on three heavy meals daily. Wartime industrial plants provided snacks and time to eat them, morning and afternoon, and said this increased worker productivity. A department store has noonday troubles because customers swarm in then and if the help has swarmed out to lunch, that's bad. So Chicago's Marshall Field & Co. suggested that clerks volunteer to combine the 1-hour lunch period with their two 15-minute rest periods, morning and afternoon, and instead take 45 minutes off sometime during the morning and again during the afternoon— but no midday lunch period. The system pepped up the volunteers who took their breaks at 10:30 or 11:15 a.m. and 2:30 or 3:15 p.m.

T. SWANN HARDING

USDA, Washington

Group Tenure in Public Lands

GROUP TENURE offers advantages to both land users and administrators of public lands. It enables the former to achieve stability of tenure, lower costs, and conditions favorable to private operation. Operating units are stabilized by long-term grazing permits or by basing grazing privileges on preference ratings of more or less permanence. The advantages for land-managing agencies are educational, advisory, and administrative. For details see Circular No. 829, Bureau of Agricultural Economics.

Land Reform in Soviet Germany

VERY CURIOUS NEWS has come from Eastern Germany about the land reform instituted by the Communist-dominated Soviet government there. Here is what Adolf Sauheitel, a member of the staff of the Administration of Agriculture and Forestry in Main, had to say about it:

Under the land reform, 290,000 new peasant holdings were set up and some 1,800,000 people settled on their own land. The total area of land resettled in the zone was 71,972 hectares. Some 38,414 hectares of this were former fallow land, 13,320 hectares woodland, 20,213 hectares pasture land. The target of 70,000 hectares would be reclaimed and for another 50,000 hectares an amelioration program would be carried through.

It was necessary (Herr Sauheitel continued) to draw certain lessons. The administrative authorities must fight "bureaucratic excesses." On the whole, co-operation between the administration and the population still left a great deal to be desired.

The strength of the land reform (he concluded) was substantiated by the quarterly report of the land reform commission, according to which 418,000 recipients of land under the land reform had so far paid a total of 159,000,000 marks, whereas only 109,000,000 marks had fallen due for payments.

Herr Sauheitel does not seem to have realized the contradictions so obvious in his report, summarized above. Nor does he seem to be aware of any link between "bureaucratic excesses" and the pre-payment of land purchase fees. Evidently the new landlords in Eastern Germany want to get the bureaucrats out of their hair.

It will not be long before these recipients of the State's largesse will be under pressure to pool their landholdings into a collective, and to surrender the status of working farmer to acquire that of serf. This, according to Comrade Stalin, the "Porphyry of World Science," as *Pravda* modestly calls its boss, is the path every agricultural economy must take. Yet there may be some delay in instituting the new serfdom. Russia wants a contented population in Eastern Germany so it can use an army of former Nazis against the west, demilitarized in this area by Communist demands, echoed by Moscow's dupes, that democrats in Western Germay be kept disarmed.

W.L.

• REVIEWS •

"The Grand Alliance"

Mr. Churchill's Third Volume

By FRANCIS NEILSON

Historical Criticism of World War II

SHAKESPEARE, WHO KNEW more about humankind than any other observer I have read, said men and women are merely players. It would be well for us to keep this in mind when we deal with the people who have been in command of us during the wars of the past fifty years. Our political and military gods will suffer a sad loss of prestige in the days to come, if we neglect to ponder the commentary of Jaques in "As You Like It." For the legends that have been built up by propagandists are approaching the limit, when a little reflection may destroy them. Already several of the chief actors in the drama of conquest have lost some of their glamor. The claims made by the publicity agents of allied Christians and enemy barbarians have been examined by unromantic critics; in several cases, they have been seriously questioned, and in others, utterly rejected.

It seems to take a long time now for informative European criticism of the conduct of the war (and the political and diplomatic blunders which made it inevitable) to reach our reviewers. Alfred Fabre-Luce's *La Fumée d'Un Cigar* (Paris, L'Élan, 1949) has not yet been noticed, nor the articles in *Écrits de Paris*, written by François de Grix, Henri de Man, Germain Dallonne, and others. These critics are very severe in examining Mr. Churchill's story of what happened. Then there is "Winston Churchill in War and Peace" (Glasgow, Unity Publishing Company, 1950), by Emrys Hughes, member of Parliament for South Ayrshire, which contains enlightening information. Hughes tells us:

> Mr. Churchill has contributed copiously to the history of our time and, of course, a man can hardly be expected to be completely objective about himself. The prima donna is not the most reliable critic of her own performances. Reading Mr. Churchill's memoirs is very much like reading an appreciation of a drama written by the actor who has played the part of the hero. Mr. Churchill's war books are, in the main, justifications and apologia for his own performances. (pp. v–vi)

Later, Hughes reminds us:

Nobody who read the Parliamentary Debates on the Service Estimates for 1936 could agree with Churchill's description in September that year of "unarmed, unthinking Britain." We had plunged into the arms race like other Continental nations. That is the trouble with Churchill as historian; his assertions are so often inconsistent with facts. (p.154)

Another work from an English source is Lord Hankey's "Politics, Trials and Errors" (Oxford, England, Pen-in-Hand, 1949, and Chicago, Henry Regnery Co., 1950), which deals with the "unconditional surrender" controversy. There are also the articles of the expert military writers, Major-General J. F. C. Fuller and Captain Liddell Hart; these are necessary for a proper understanding of much that Mr. Churchill presents in his books on the war.

The number of dissentients in England and France increases every month now, but Mr. Churchill seems to be too busy, as leader of the Tory party in the Commons, to reply to his critics. His attitude to skeptics, who do not readily believe his statements, is recorded in precise terms: "When I make a statement of facts within my knowledge I expect it to be accepted." ("The Grand Alliance," Boston, Houghton Mifflin Co., 1950, p. 55)

This is what he said to Stalin, who received it "with a genial grin." The god of the Kremlin probably knew that men are "merely players," whether, as politicians, they take part in comedies or tragedies. Those who proclaim their merits from the pulpit of Parnassus, or hurl their oratorical thunderbolts from high Olympus, do so at their own risk.

The Balkan Blunders

MR. CHURCHILL'S DESCRIPTION, in his third volume, of the campaigns in Jugoslavia, Greece, and Crete read as pale contributions, when compared with the day-to-day reports of these disasters given by correspondents on the spot. One reason for this might be that the reporters were not handicapped by Mr. Churchill's elaborate instructions sent from London to the British ambassadors, and afterwards to commanders in charge of the armies, ships, and airplanes. His record of the Balkan blunders concerns chiefly the rôle he played in them. Some other actors in the drama have been overlooked, and certain events of vast importance are not even mentioned. Perhaps the London censorship was so tight that the news we received here did not penetrate a single cranny to reach Downing Street.

Because there has been so much misunderstanding about the Balkan business, owing perhaps to the nonsensical propaganda considered neces-

sary during the war, it might be well, for the sake of historical accuracy, to mention that we learned in America of the Allied plans to invade the peninsula many months before Mr. Churchill begins his story. I wrote in "The Tragedy of Europe," under the date of February 12, 1940:

News comes from Budapest that the trouble concerning the export of oil and grain to Germany from Rumania may be the cause of what is called a back-door drive against Hitler's forces. It is stated that Great Britain and France have a force of half a million men concentrated in the Near East and that there are three routes, envisioned by military experts, along which the Allies may strike at Germany's back door. The routes are:
(1) from Salonika through the Vardar and Moravia River valleys to the Danube;
(2) along the diagonal furrow from Istanbul through Bulgaria;
(3) up the Danube River valley from Rumania.
It is to be hoped that the military experts do not think the task a simple one. Although they may imagine the Balkans are pro-Ally in sympathy, it will be just as well for them to understand that any such movement along path number one, path number two, or path number three might mean bringing Russia suddenly upon the scene, not so much in support of Germany as with the set determination to look after her own interests in the Balkans. . . . (vol. I, p. 362)

The agents of the Allies operating from the Middle East were very busy in the Balkans nearly a year before Mr. Churchill begins his narrative. The Former Naval Person wrote to President Roosevelt January 28, 1941: "Colonel Donovan also has done fine work in the Middle East." ("The Grand Alliance," p. 26)

It is surprising how little Mr. Churchill has to say about this work. In the chapter on Jugoslavia, he tells us:

At the end of January, 1941, in these days of growing anxiety, Colonel Donovan, a friend of President Roosevelt, came to Belgrade on a mission from the American Government to sound opinion in Southeastern Europe. . . . (*Ibid.*, p. 158)

But he does not tell us any more about the mission; what the object of it was, whether it was successful; or like so many others, "a dud." The information that we received was not sufficiently sensational to make the headlines. Occasionlly a short dispatch would be found on the fifth or sixth page, and receive little or no consideration from editors who were supposed to inform their readers about the aims of the contending forces. It is rather amusing now to go over the day-to-day history of

the terrible events and notice how so much vital information was sent by our correspondents, and how little it was appreciated either in Washington, or in the editorial rooms of the great journals.

It was only some of the soldiers who wrote for the army and navy magazines who realized the value of news about future movements. The reports that came from the Middle East and the Balkans during 1940 comprise a case in point. Consider the rumor about the documents alleged to have been stolen from Colonel Donovan. On May 17, 1943, I wrote in "The Tragedy of Europe" as follows:

When Colonel William J. Donovan was operating for the United States Government in the Balkans there were rumors coming in from American correspondents in the Middle East that he was being closely watched by Axis agents. We now learn that these rumors were correct. Colonel Lanza gives us the whole story of how, in January, 1941, the Axis was aware of a British plan to invade south Europe. The Colonel [Lanza] says:

". . . How the Axis secured a copy of this is not known, but it was published in the Italian *Popolo d'Italia* on January 7 of that year. It provided for:

"1. Eliminating the Italian armies from Africa, and clearing the Mediterranean during 1941.

"2. Concentrating American and British troops in Egypt and Italian North Africa, during the winter of 1941–42.

"3. American intervention in strength, and invasion of Europe, via the Balkan route, during the spring of 1942."

I dealt with the probabilities of this plan in Volume I (February 12, 1940) when I first heard of the rumors coming into this country. Now Lanza says:

"Germany was aware of Colonel Donovan's activities. If she did not engineer the stealing of his papers, subsequently returned intact, while he was in the Balkans, she learned much about what he was doing."

The information the Axis gathered from these papers was sufficient to make them take the initiative. Thus, Hitler decided to attack first.

"He invited Rumainia and Bulgaria to join him. Shortly before, Russia had 'occupied' the Baltic states.

"Rumania and Bulgaria accepted Hitler's offer, not because they liked the Germans, but as the lesser of two evils. . . ."

From this we conclude that the invasion of Europe has been planned by the Allies since the beginning of 1941. Colonel Lanza says: "Both sides have made their preparations. Both sides are one year behind their schedules." (vol. III, pp. 602–3)

Mr. Churchill was perfectly right to admit in his first volume that his memoirs were not to be accepted as history. As autobiography, the volumes are of great value, for they reveal a unique personality who is

not afraid to expose many of his defects, and seems to glory in his jesuitical career.

In Captain Liddell Hart's new volume, "Defence of the West" (London, Cassell, 1950), the student will find material that will enable him to check much of what Mr. Churchill has written. I would advise young historians who are now at work upon the causes of modern wars, to read the books written by authors of high military repute, no matter whether the story they have to tell of men and events is unpopular, and in many cases flatly contradicts official opinion. It will save a lot of time and confusion of thought if this system of gathering knowledge is prosecuted consistently.

The new work by Liddell Hart will help the student to see clearly the way through many of the dark passages into which we stumbled when the official broadcasters were at work. There is no higher opinion than that of the author of "Defence of the West" for all that concerns the activities of the fighting forces, and the politicians whose blunders led them into disasters, resulting in a peace of havoc and hopelessness.

The Russo-German War

THE LAST SECTION of Book I, "The Soviet Nemesis," exemplifies in a striking way the superficial methods of Churchill in dealing with events that have an important background. In this chapter he reviews the history of the quarrel between Germany and Russia from the date of Hitler's directive of December 18, 1940. The result is by no means satisfactory, and when the historian sets to work on this period, he will find abundant evidence of quite another interpretation in the dispatches that reached our newspapers. Much of great significance had happend long before the date selected by the British Prime Minister for the beginning of his narrative. He does not refer to the descent of Russia on Bucovina and Bessarabia, which was a primary cause of the conflict of opinion between Berlin and Moscow.

We were far better informed by our correspondents than the British were by theirs, probably owing to the fact that we were not at war with Germany until Pearl Harbor. Churchill writes:

> . . . We must now lay bare the error and vanity of cold-blooded calculation of the Soviet Government and enormous Communist machine, and their amazing ignorance about where they stood themselves. They had shown a total indifference to the fate of the Western Powers, although this meant the destruction of that "Second Front" for which they were soon to clamor. They seemed to have

no inkling that Hitler had for more than six months resolved to destroy them. . . . ("The Grand Alliance," p. 352)

It seems to me that the "amazing ignorance" of the Soviet Government "about where they stood themselves" was not greater than that of the British Government and its ministers.

As early as September 14, 1939, I wrote in "The Tragedy of Europe":

What about the Russo-German pact? What will Russia do? We are told today that she is mobilizing along her western frontier. There is a hint thrown out in some of the dispatches that Germany does not know what to make of her action. Is it a threat or a precaution?
. . . Russia wants Bessarabia back; indeed, she would like to swallow Rumania, control the Danube where it empties into the Black Sea, and do for herself what Czarist Russia would have done if the revolution had not taken place and her plenipotentiaries could have sat in at Versailles: acquire the coveted Bosphorus.

Trouble must be brewing in all that area and, no doubt, the Nazis at Berlin desire to cover as much ground in southeastern Poland as they can before Russia gets into her stride. . . . (vol. I, pp. 45–6)

About eighteen months later Churchill admits he "cast about for some means of warning Stalin." ("The Grand Alliance," p. 357) This is extraordinary, for Stalin was fully warned, after he went into Bessarabia, by the German descent into the Balkans: Keeping closely in touch with my informants and reading carefully the dispatches published in our principal newspapers, I did not miss a single day in this work from the time that Germany invaded Poland. Many of the chief American magazines were searched, and I read an average of eight daily newspapers. The reports were checked one against another, and now when I look back over the information given in "The Tragedy of Europe," I am amazed to find how much more we knew here than they did in England, if "The Grand Alliance" is a sample of what reached London.

On June 28, 1940 I wrote in "The Tragedy of Europe":

Stalin has celebrated the signing of the armistice terms between France and Germany and France and Italy by advancing more deeply into Europe. The Soviet armies have occupied Bessarabia and Bucovina. The Treaties of Paris are now in the melting pot. Hungary and Bulgaria are making claims which, if they are satisfied, will leave very little of the Rumania that was put together in 1919. Molotov's policy of peaceful penetration in the northeastern borderlands of Rumania is in line with that which he executed in the Baltic States. The advance of Russia to the west, since September last, is one of the most sinister moves of the war. There is no doubt in my mind that the people at the Kremlin will

press forward to the south and southwest until the Czarist ambition of taking Constantinople is satisfied. (vol. I, pp. 534–5)

Churchill writes: "We did not know the tenor of the conversations of November 1940, between Molotov, Hitler, and Ribbentrop at Berlin, nor of the negotiations and proposed pacts which had followed them." ("The Grand Alliance," p. 355)

We knew "the tenor" of them, even though we did not know the detail of the negotiations. The point that caused the greatest friction was that of Russia's demand for the Bosphorus. To this Hitler gave a flat denial. Indeed, one correspondent said that he refused to discuss it. If the student will search our military magazines, he will find information that corroborates this conclusion. Our writers in the army, navy, and air journals were exceptionally well informed, and I checked their reviews with the dispatches from Europe.

In August, 1943, in "The Tragedy of Europe," I said:

> . . . In an article written a week or two ago, Colonel Lanza told us that the reason for the war which began between the Axis and the Soviets was that Molotov insisted on Germany granting to Russia the much-coveted Bosphorus. (vol. IV, p. 79)

Why Churchill should think it was necessary for him to warn Stalin, when the latter had suspected German intentions from the first, is something I cannot understand, for it was obvious when Russia invaded Poland that she had no faith in Hitler; indeed, no more than Hitler had in the intentions of Stalin. The Soviet-Nazi pact was a blunder, because once the military machines of both parties began to move, the imperial desires of both would be changed, and new horizons would loom up which would attract them both. Hitler saw the chance of gaining *Lebensraum* in the Ukraine and contiguous territory. Stalin had his eye on the Bosphorus, from the outset. Both intentions were in conflict. And now I wonder what Churchill thinks about his famous "I see" speech broadcast June 22, 1941, just after Germany attacked Russia. In the final paragraph, as it appears in "The Grand Alliance," he indulged in the wildest notion that ever sprang from the mind of a politician:

> The Russian danger is, therefore, our danger, and the danger of the United States, just as the cause of any Russian fighting for his hearth and home is the cause of free men and free peoples in every quarter of the globe. . . . (p. 373)

Is it possible that he now imagines the War of 1939–45 was fought for "free men and free peoples in every quarter of the globe"?

Churchill and American Participation

As I have pointed out before, Mr. Churchill is a public servant. As a member of Parliament, whether cabinet minister or not, he is responsible to the electorate for his political actions, and everything he does in this field is of vital interest to them. As for the American taxpayers, their interest is not lessened because he is not a member of Congress. He gloried in the fact that he had "aimed at" and "worked for" our participation in the war. Moreover, the generosity of our political leaders since 1917 made it possible for Britain to pay salaries to public men and to workers. Indeed, there are many here who hold the opinion that, in both wars, we saved Britain from defeat and bankruptcy. Therefore, Churchill's account of the strife is our concern quite as much as it is Britain's, and it behooves us to learn what he has to say about the conduct of it.

Many democrats who thought we fought for "our way of life" will be surprised to read that Roosevelt was ready to join forces with the Former Naval Person nearly a year before Pearl Harbor. On January 11, 1941, Hopkins had lunch with Churchill and told him: "The President is determined that we shall win the war together. Make no mistake about it." (*Ibid.*, p. 23)

Without authority from Congress, a private missioner, selected by Roosevelt, gave the head of a foreign State information the President dared not impart to the people who elected him. Some may think it an unusual way of conducting affairs of state, but the precedent was laid when this country was more like a political democracy than it was under Roosevelt. Colonel House was employed on a similar errand by Woodrow Wilson long before the United States officially entered World War I. It might be asked by democrats, who are sticklers for correct routine, if the Hopkins case, mentioned above, should be placed in the Nuremberg category of reprehensible declarations of aggressive war, or simply set aside as a precautionary measure taken against the enemy of a personal friend. The notions we hold of statesmanship today are a bit confused, and when we compare them with those in vogue when Disraeli, Gladstone, Cleveland, and Bismarck were at the head of affairs, we might wonder if we live in the same world they had to manage.

"The Grand Alliance" is a very long book, and I must congratulate the heroic reviewers on their patience in going through the first and second volumes. The "blurbs" on the back of the jacket are rewards enough for their industry. More than half of the third volume is taken up with letters, dispatches, reports, and other memoranda, chiefly from

the pen of its author. His accounts of battles in the air, upon the sea, and over the desert are for war historians and military strategists to digest. They differ only in detail and interpretation from the information given to us day after day during the struggle, when our correspondents reported what they saw in a brilliant series of vivid dispatches.

The parts of "The Grand Alliance" that will interest our democrats concern the methods employed by Churchill to direct the policy of Roosevelt. Unfortunately, several of the telegrams are paraphrased, "on security grounds," and therefore lose some of the significance they might have for the historian. Yet, in reading them we see clearly enough the means whereby we became mixed up in other people's quarrels. Now Mr. Churchill cannot be offended if we presume to think Roosevelt was willing to meet the Former Naval Person more than half way. It was not the President who was to be presuaded; it was Congress and the people of the United States. Churchill's task to involve Roosevelt in the welter of war was an easy one. Never was a wooed one so willing to be wooed.

Churchill and the Destruction of Hitler

WHEN WE SEARCH in other books and documents for reasons why the war was waged, we find sufficient evidence to convince us that it was a financial and commercial struggle to maintain British supremacy, not only in her domestic markets, but in those of the empire and foreign countries.

I have before me a pamphlet circulated in the spring of 1939 among leading British bankers and industrialists. It is entitled "The German Menace to Trade." In it there are thirteen statements made by bank directors, chairmen of great industries, and newspaper correspondents, complaining bitterly of unfair competition practiced by the Nazi Government. The object of this publication is plainly set forth: "the boycott of German goods." The gist of it is as follows: "Let us all cease trading with Germany. Let German ships arriving in democratic ports find that labour declines to handle their ships."

Figures are given to show the increase in imports of German goods into Britain. The chief industries injured by the competition of Nazi methods were coal, textiles, wool, and motor cars.

None of this—the chief reason for the war—is dealt with by Mr. Churchill. He was interested solely in the destruction of Hitler. What his own mission would entail in loss of life, destruction of prop-

erty, and the squandering of his people's wealth, is not considered in any of his pages I have read. Whether the position of British bankers, industrial chiefs and their employees would be bettered by ridding the earth of Hitler did not seem to concern Churchill. War (and "damn the consequences") is a very uncertain business; it always was and always will be. Those who would count the probable cost before the shooting begins are usually denounced as unpatriotic subjects. So it has been since the days of William Pitt, the Earl of Chatham. In the House of Commons, December, 1755, he said:

> We have suffered ourselves to be deceived by names and sounds—"the balance of power," "the liberty of Europe," "a common cause," and many more such expressions, without any other meaning than to exhaust our wealth, consume the profits of our trade and load posterity with intolerable burdens. None but a nation that had lost all signs of virility would submit to be so treated. (J. C. Long, "Mr. Pitt and America's Birthright," N. Y., Frederick A. Stokes, 1940, p. 6)

For nearly two centuries war lords have indulged in the same stupid slogans, exhausting the wealth of the producers and laying intolerable burdens upon generations to come. "The World Almanac" (N. Y. World-Telegram, 1949) states:

> Official sources in Washington and a survey made by the American University, also in Washington, put the total military cost of the war to all belligerents at $1,116,991,463,084 and property damage at $230,900,000,000. These figures do not include the cost and damage of the eight-year war in China for which no estimates were available. (p. 317)

It must be remarked that it cost quite a lot of money to assist Mr. Churchill to destroy Hitler, to say nothing of the toll of dead and wounded and the misery the survivors now endure.

Some Allied Errors

WE SHOULD NOTE what responsible critics write, who take issue with Mr. Churchill on many important questions. Hanson W. Baldwin, the military editor of *The New York Times*, in his articles, "Our Worst Blunders in the War," published in *The Atlantic*, reviews the strategy and diplomacy of the Allied leaders, and ruthlessly condemns their lack of foresight. Baldwin's articles were published before Churchill's third volume appeared. It will be an interesting exercise for the student of the war to compare them and note the lack of information in "The Grand Alliance" about the outcome of the war and the future of

European States. The notion that a victory without peace might make things worse never seems to have entered the mind of Churchill. The agreements reached at Casablanca, Cairo, Teheran, and Yalta were made by men who had little thought of what the turmoils of the world would be when a military victory was achieved. Baldwin says:

> There is no doubt whatsoever that it would have been to the interest of Britain, the United States, and the world to have allowed—and indeed encouraged—the world's two great dictatorships to fight each other to a frazzle. Such a struggle, with its resultant weakening of both Communism and Nazism, could only have aided in the establishment of a more stable peace. It would have placed the democracies in supreme power in the world, instead of elevating one totalitarianism at the expense of another and *of the democracies.* (Jan. 1950, p. 32)

Further on in the article Baldwin declares: "The insistence on unconditional surrender was perhaps the biggest mistake of the war."

The story told by the military editor of *The New York Times* is a sad one, but what else can be expected when a leader of policy makes the destruction of Hitler solely a personal affair? For the historian it will not be enough to begin only with the long series of mistakes committed after the invasion of Poland in 1939, or after the inglorious retreats from Norway, Belgium, and France, and the disasters to the Allied forces that followed them. He will desire "grounds more relative," and he will seek for them in the political history which covers the period from 1933, when Hitler became *Reichsführer,* to the month of March, 1939, when Chamberlain gave the fatal pledge to Poland. An honest historian will not have to seek far for material on which to base a thorough review of the amazing thoughtlessness of our leaders before the war began.

Liddell Hart, commenting on a passage in Churchill's second volume about the pledge to Poland, says, in "The Great Illusions of 1939," (*John Bull,* September 3, 1949):

> It is a striking verdict on our folly. Churchill himself had, in the heat of the moment, vigorously applauded Chamberlain's pressing offer of our guarantee to Poland. Why? He attempts no adequate explanation.
>
> It is only too evident that in 1939 he, like most of Britain's leaders, acted on a hot-headed impulse, instead of with the cool-headed judgment that was formerly characteristic of British statesmanship.

In the same article, Liddell Hart takes Churchill to task for many absurd errors in his second volume. Here is one about tanks:

> The later illusion, of Germany's superior weight, is slow to fade.

Even in the latest volume of his war memoirs, Churchill speaks of the Germans as having at least a thousand "heavy tanks" in 1940.

The fact is that they had then no heavy tanks at all.

At the start of the war they had only a small number of medium tanks, weighing barely twenty tons. Most of the tanks they used in Poland were of very light weight and thin armour.

It is inconceivable how our propaganda-drugged reviewers and broadcasters can indulge nowadays in the nonsense that has been blown to smithereens by British military experts.

Students should not overlook the articles and books written by Liddell Hart. The editor of the British weekly magazine *John Bull* says he is "the one world-authority on military history and strategy who warned of the truth" of the consequences of the war.

In "How the War Really Started," published in *Picture Post*, September 3, 1949, he gives us an enlightening survey of events that happened in the spring before the war began. Here are some of his conclusions:

. . . The last thing that Hitler wanted to produce was another great war. . . .

If he had really contemplated a general war, involving England, he would have put every possible effort into building a navy capable of challenging England's command of the sea. But, in fact, he did not even build his navy up to the limited scale visualised in the Anglo-German Naval Treaty of 1935. . . .

The Polish guarantee, in fact, was the surest way to produce an early explosion, and a world war. . . .

When students ask me to recommend an account of the war that can be understood by an ordinary, intelligent citizen, I suggest the work of Major-General J. F. C. Fuller, "The Second World War 1939–1945." It is written by an impartial observer, an English soldier of high repute. In this book the reader will find a simple, clear statement of the struggles on land and in the air. Longer histories of what took place may be published, but I cannot conceive how any writer will excel the concise descriptive power Fuller reveals in his work. In Chapter XI he gives us a much-needed lesson on war and what its purpose should be. In three or four paragraphs he displays a wisdom seldom found in modern histories on the strife of nations, and the student who reads this book cannot fail to enjoy the sanity of thought and vision to be found in its pages.

Some Results of "Victory"

WHETHER THIS CRUEL TREATMENT of the leading players in the wars to save civilization will be of use to posterity or not is a matter that may con-

cern the cold-blooded, sober historians of the days to come. As things are, no impartial observer would say a war has been won; nor could he say who won it. Three foes have been stricken from the field, but the situation in which we find ourselves is worse than it was eleven years ago when the War of 1914–18 was resumed.

Surely it is nonsense to imagine a victory has been gained when the "result" of a war raises a greater foe to menace us than the one that has been defeated for the time being. The situation of the powers in the summer of 1939 was as follows: the British Empire, despite the troubles of the natives, was intact; China was not then in the possession of Communists; Italy was progressing under Mussolini who was praised by Churchill for his leadership; and Germany had made a recovery so astonishing, that he said it was "one of the most remarkable in the whole history of the world." France was suffering from the effects of the Blum experiments, but it had almost recovered from the devastation of the former war. Russia was east of the Pripet Marshes, and the Baltic States were independent. America was not in Europe for "military purposes." Such, in brief, was the position of the great States before Germany invaded Poland.

It might be asked by a visitor from Sirius: "Were the protagonists in this conflict utterly devoid of forethought?" An unprejudiced reader of Churchill's account of the strife would undoubtedly answer, "Yes." Neither Hitler, nor any of the Allied leaders against him, had the faintest conception of what the war would lead to, and what the consequences of it would entail. In one respect, the alleged villain of the tragedy saw farther than any of his antagonists. In *Mein Kampf* he wrote: "Thus, indeed, *in the formation of an alliance with Russia lies the direction for the next war.* Its result would be the end of Germany." (p. 641)

As for Mr. Churchill's mission, it had one single purpose. In his third volume he gives the report of a conversation with his secretary, Mr. Colville, about British aid for Russia. The date was June 22, 1941:

> After dinner, when I was walking on the croquet lawn with Mr. Churchill, he reverted to this theme, and I asked whether for him, the arch anti-Communist, this was [not] bowing down in the House of Rimmon. Mr. Churchill replied, "Not at all. I have only one purpose, the destruction of Hitler, and my life is much simplified thereby. If Hitler invaded Hell I would make at least a favourable reference to the Devil in the House of Commons." ("The Grand Alliance," p. 370)

Why should he not say a good word for the devil himself? He said

many good words for Hitler and Mussolini who during the war were placed in the gallery of the blackest devils from the lowest hell.

This bit of candor will not surprise those who have known him since he entered the political arena over fifty years ago. The destruction of Hitler was a personal matter with him. It was his affair, and that is the reason why "The Grand Alliance" is only part of one man's story of a struggle that called into action hundreds of politicians, their diplomatists scattered all over the world, and millions of men who knew next to nothing about foreign politics or diplomacy. It will take a lot more than one man's story of the war to impress the intelligent student with the notion that it was one man's job. What is to be gained by omitting essential information concerning the pre-war work of Roosevelt, Hull, Stimson, and Baruch is not clear. Nor can a fair judgment be expressed on the manifold activities of Daladier, Mandel, and Bullitt until their work is thoroughly examined by British and American students, as it is now done by French investigators.

Churchill's books concern his rôle in the drama. The other players get scant notice. And what history of the war can be approximately complete that does not include a painstaking review of the voluminous German "Documents on the Events Preceding the Outbreak of the War"? (German Library of Information, N. Y., 1940)

Etiam diabolus audiuntur (Even the devil has a right to be heard), and until Nuremberg, all decent-minded men believed that this attitude of medieval authorities on law was the correct one to take. Furthermore, it is necessary to learn more about the position of Mussolini than is revealed by Ciano. He was the only one of the four chief European political leaders who made an attempt to stop the strife. We now have the facts concerning his effort. In my forthcoming book, "The Makers of War," I say:

> The dispatches in *The British War Blue Book* reveal a poignant lesson to all on the cumbrous, preposterous methods of Foreign Offices and diplomatists in dealing with the grave problems that affect the lives of millions. On September 2 [1939] the Italian Ambassador delivered the following communication to the German Foreign Office:
>
> "For your information Italy communicates to you, naturally leaving every decision to the Fuehrer, that she is still in a position to seek the consent of France, England and Poland to a conference on the following basis:
>
> "1. An armistice, leaving the armies where they now are.
>
> "2. The calling of a conference within two or three days.
>
> "3. A solution of the Polish-German conflict, which, as matters stand

today, would certainly be favorable to Germany.

"This idea, which originated with the Duce, is today particularly advocated by France."

To many people this seemed to be a sensible suggestion, but those who thought so were not diplomatists or statesmen. Peacemakers have ever been sanguine, unpractical persons who do not appreciate what honor and prestige mean to those who make war. Still, the people and the committees who made such earnest appeals for peace before Poland was invaded were of the same mind after the event.

Strange to say, the Havas Agency reported on September 2nd:

"The French Government as well as several other Governments have yesterday been informed of an Italian proposal for a settlement of the European difficulties. After discussing the proposal the French Government gave a reply in the affirmative."

Such proposals were not practical. Lord Halifax stated: "His Majesty's Government would not find it possible to take part in a conference while Poland is being subjected to invasion."

That decision settled the matter so far as peace negotiations were concerned, and the appeals of the neutrals were brushed aside as if they were of no consequence. The position of the chiefs in Washington at that time was clearly stated by Baruch who released a report of his interview with Roosevelt, in which he said:

> . . . If we keep our prices down, there is no reason why we shouldn't get the customers from the belligerent nations that they have had to drop because of the war. In that event Germany's barter system will be destroyed. (*N. Y. Times*, Sept. 14, 1939)

There is an undercurrent to every tide, whether it is coming in or going out, and the man who writes a history of this war will gather all the information he can from every deep-lying source before he sorts it out for reasonable treatment. Churchill is not concerned with undercurrents. The *why* of it escapes him entirely. Hitler is his game, as if the moral order of the universe could be established by ridding Europe of another politician. The long line of conquerors from Alexander to Bonaparte provides examples enough of the utter vanity of personal power to convince a sober-minded student that war never yet healed a wound it made. Martin Luther summed up the thought of the world's greatest thinkers on this perpetual problem when he said:

> War is one of the greatest plagues that can afflict humanity; it destroys religion; it destroys states; it destroys families. Any scourge, in fact, is preferable to it. Famine and pestilence become as nothing in comparison with it.

What has been accomplished? Hitler is gone, but his economic and

political expedients were not destroyed when he fell. Britain under a Socialist Government is forced in many ways to adopt the trade methods of the Nazis. The barter system of trading is more widespread today and is practiced by more governments than before the war.

To a great extent, labor is under restrictive rules, and British goods can be bought here for less than the producers pay for them over there. Moreover, instead of getting the custom of the belligerent States, we have been obliged to send them food to keep their workers from starving, and give them munitions of war to save them from an enemy of far greater power than Hitler. An English writer remarks that there is scarcely one pre-war complaint charged against the Nazis that is not now practiced by the European victorious Allies.

War and the Moral Order

I AM AFRAID Mr. Churchill's crude notions of the moral government of the universe will not be accepted as he would desire. When millions of men are thrown into war by political governments, the laws of morality are suspended, and no matter how many hymns are sung by civilians of all ranks, the carnage cannot be sanctified. There never was a moralist who even attempted to justify political warfare. The great philosophers and poets, all the way from Plato to Milton, condemned it root and branch.

The moral ideas of some Christians during a war are not in accordance with those of teachers venerated in the days of peace. But, in war, when one imagines he is being used "in some appointed plan," it is necessary to remind him that the moral order of the universe evolved from chaos to order and that only politicians are capable of turning it upside down by making chaos out of order. (*Cf.* "The Grand Alliance," pp. 670–1) Those of us who thought the end of war would bring a semblance of peace to this tiny bit of the universe wonder what went wrong with "some appointed plan," and why the mundane guardian of it has done nothing yet to put it into operation.

Students of the causes of war will make a regrettable mistake if they read the history of the last one backward, from the Nuremberg verdicts to 1933. Those who earnestly desire to learn why it took place should begin an investigation not later than the day when Hitler became *Reichsführer*.

Foresight, consistency, and logic are not political attributes, and if any one should doubt this statement, all he has to do to confirm it is to read Churchill's Books, "While England Slept," and "Step by Step." Review-

ers who compare "The Grand Alliance" with Thucydides and Tacitus should refresh their memories by reading, once again, "The Peloponnesian War" and "Agricola."

Some of our literary critics are suffering from "inflationary tendencies," and such a statement as, "This makes a book scarcely paralleled in literature" does not make sense. A testimonial so sweeping could be of no service to any writer of our time. Still, we must admit the habit of reviewers in saying a book "is the greatest ever," and "There has been nothing like it" cannot be cured, for it is all part of the commercial system under which we grovel.

New York

Henry George in a New Dimension

Henry George: Citizen of the World. By Anna George de Mille. Chapel Hill: The University of North Carolina Press, 1950, 276 pp., index, $3.50.

Henry George Jr.'s life of his father is among the important American biographies; and not, I think, because the younger George was a first-string biographer. Simply, he had an important American story to tell, and told it with a high regard for essentials which spoke better for the respect and conviction George inspired in his children—among many others—than mere filial regard could have done. Henry George Jr. believed in his father. He reflected the great earnestness the elder George had dedicated to his cause. The result was a story of the first significance.

Unfortunately, the younger George's earnestness appears to have made him impatient of what may have seemed to him irrelevant details. His life, accordingly, is written with a certain sobriety: it does not fully reflect the sunlight and personality which Henry George undoubtedly possessed. Anna George de Mille has done nothing less than add a dimension to the old life of George—a dimension compounded of feminine taste, descriptive data, personal recollections, and a variety of observations and remarks culled from private and public papers. They implement her brother's life at many points. She brings her father, as it were, back again with his old quickness and social interests; and, too, with something of the old surprise which attended his phenomenal rise to fame and controversy.

Much of the selfless spirit of her brother directed Mrs. de Mille's pen.

Had she had her way, her own place in the story would have been all but ignored. Kindly editorial hands have righted the balance. But a thousand details regarding the home life of the Georges, his traits and manners of expression, and activities, add bloom and substance to the older narrative. Tom Johnson's chubby intimacy with the George family is informally underscored. Most of the famous incidents—the crystallization of George's theory, the mayoralty campaigns, the meeting with Herbert Spencer, among others—are retold with fresh details. The style of writing is effective; I am not, for instance, likely to forget that Henry Hyndman, the English Socialist, whom the Georges visited in London, made an unpleasant and frightening impression on little Anna George by pretending to bite off the toes of her doll. An excellent section of illustrations throws light on the manner in which George impressed contemporary cartoonists, sympathetic and otherwise.

It makes a gay, earnest story—I think the word is gallant. And if it does not drastically revise any of the key incidents or conclusions of the earlier life, it is calculated to remind the attentive reader of the compelling nature of the material, and of the fact that Henry George is yet to be seized and assimilated into the American experience. It seems odd to say that so famous a man as George, now over half a century dead, has yet to be understood, but I would so think. That George worked for humanity is universally admitted.[1] That he was a stirring and widely-known figure is self-evident. But what remains of him? His family, to whom George, so to speak, never died, was hardly in position to appreciate the force of this question. The reader who has no family connection with George, and who reads his daily paper with a sense of participation in (or, at least, stake in) the British experiment, the developments in Russian foreign policy, the atom bomb enigma, cultural, personal, and cosmic problems of a wide variety, can better ask what George means to him, and how he can fit the man into his living and contemporaneous thoughts.

He cannot, however, answer his own questions without, at the same time, adequately appreciating what George meant to his own time; and he cannot determine this without determining the position of George relative to others who also sought to come to grips with that time.

[1] It is true that aspects of George's life and opinions have been viewed critically. The adequacy of his analysis of the Haymarket Affair has been doubted, for instance. His relationship to the Populist Revolt and to various efforts of labor have, among other matters, been questioned. The questions have, as a rule, been better than the attendant discussions, such as they have been.

George liked to refer to his "truth" as a star which others besides himself must have seen. An excellent figure of speech which, in addition, suggests the presence of other stars. Mrs. de Mille's book does not mention Edward Bellamy. It does not mention Henry Demarest Lloyd. Yet these worthies also wrote famous books, and also made an impression on their times. On occasion, of course, they disagreed with George, for instance, on the significance of the single tax. Ignatius Donnelly is a giant of the period, as is Eugene V. Debs, whose career thrusts itself closer to our very own times. Is it possible to assay the value and influence of George's ideas without reference to theirs?

The fact is that the meaning of "influence" is often grossly misunderstood. George has been invidiously compared with Karl Marx, whose living presence is to be discerned in every major contemporary event. But we fail to realize fully that history is no automatic phonograph which plays its own tunes. It plays the discs we put into it. Such intellectual power and humanity as George possessed have not failed us. We have been inept at fitting them into our thought, and, first of all, fitting them into their own time. A reviewer of Mrs. de Mille's present book, writing in *The New Leader*, believes, for example, that "in his faith in progress and in unbridled individualism, George speaks for nineteenth century America." I might be clearer on what this means if it were explained what century Marx spoke for.

Let us understand the social and intellectual circumstances which created George's view of life and society—they are far from clear today. Let us better understand the place of George's crusade in the troublous post-Civil War decades—as astounding in what they had to offer in native social thinking and action as in "Gilded Age" excesses. We will then find less difficulty in discerning the differences which separate those times from ours, and the similarities which unite us; and of discovering the applicability of the George theses to our own times. With Anna George de Mille's book, the George family has concluded its work. It is for others who say that they concern themselves with the present and future to take up the story.

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CORRECTION

AS A RESULT of typographical errors which were not caught in proof by author and editors, several words and phrases were omitted from the article, "The Social Impact of Current Tensions," by William J. Grace, in the July issue of this Journal. The omitted matter is italicized below. For the second sentence on p. 463, read: "By tension here I do *not* mean the kind of taut balance that is to be expected in a tennis racket, a piano, or an opera soprano—an effective and constructive balance of forces." For the first sentence of the fourth paragraph on p. 471: "I would say we are deficient in the capacity for synthesis—we are out of touch with the great intuitions and insights that give us a key to transcendent truths, that give us symbols for realities not immediately *assimilable by the human intelligence. We encounter plenty* of nominalists who deride even the possibility of the abstract idea and transcendent truth—from their viewpoint, all that we can know are facts and phenomena." Below, in the same paragraph, the sentence should read that both nominalists and realists "are *not* aware of the otherness of mystery" etc.—EDITOR.